

TRENDS

Soft goods

Better selection & displays highlighting hosiery category

Continued from page 12

and off-black shades. Black now tends to outsell brown six-to-one. It's no longer an accessory item—it's a necessity item."

Upscale approach

Volt, though fairly new to chain retailing, has adopted a unique approach for the now upscale drug store market. A year and a half ago, the company started merchandising to drug stores, marketing its same department store approach it had been using for six years. "We've tried to carve out a department store niche right in the drug store market," he explained. Worthley contends that the uniqueness comes with the packaging, which features a fabric swatch on the outside of each package. "You see these in department stores every day. We feel it's important that the consumer touch and feel the garment before they buy it," he said.

The company also markets 14 colors in its line. "Sure, they buy their L'eggs, No Nonsense, or whatever brand they use, but we also want them to pick up a pink, peach or yellow when they pick up their other brands," Worthley said.

Drug stores are looking to take advantage of their fashion and conve-

nience strengths by better organizing their hosiery displays. Historically, said Kerr's Johannes, summing up the views of many retailers, "it's just been hard to get this section to look good."

Hosiery displays

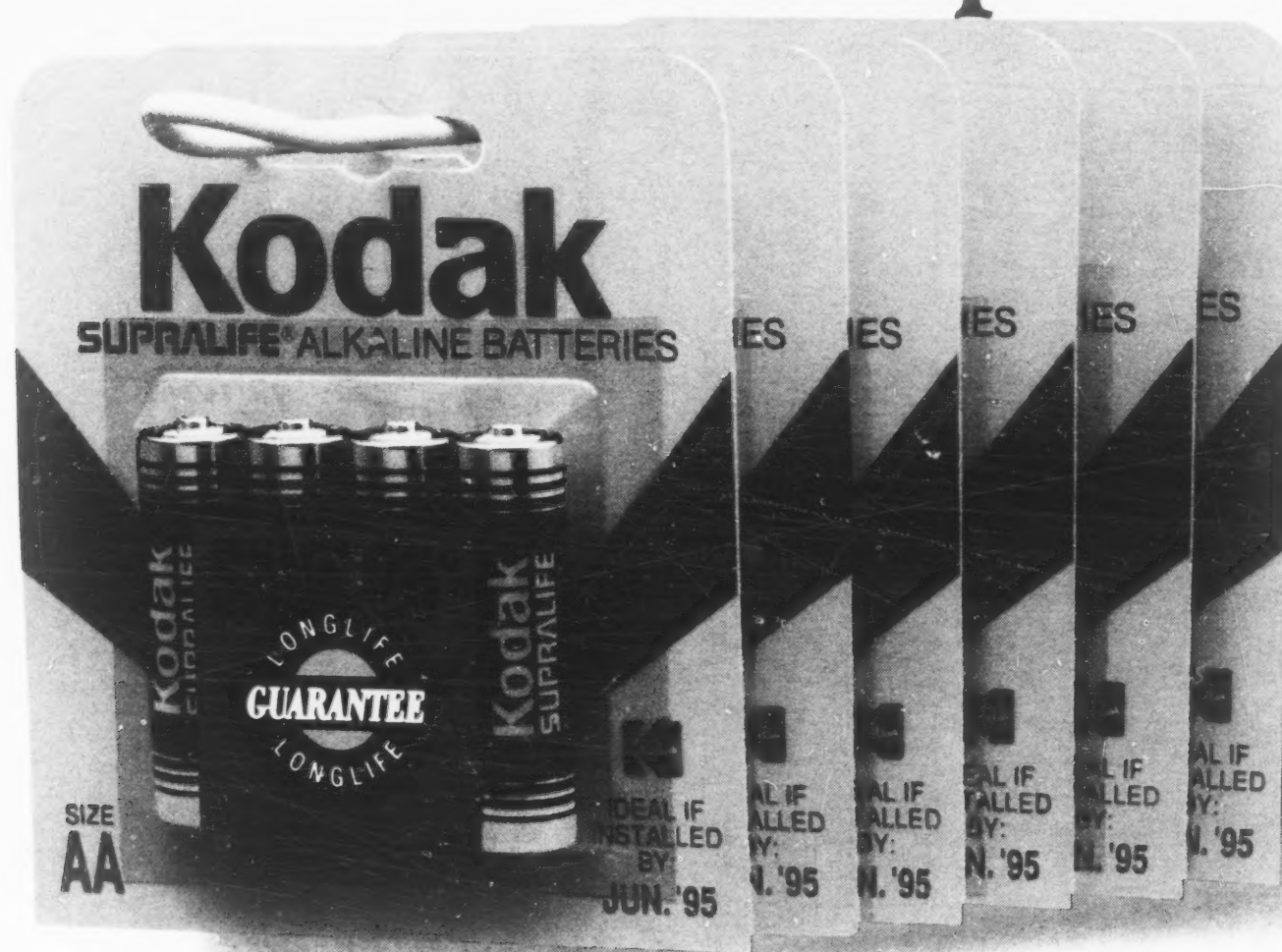
Kerr, like many others, is installing L'eggs hosiery center in its stores—a full, eight-to-12-foot modular unit with headers. The display, free to retailers, lets them group hosiery primarily by brand (competing brands get space as well); after that, it can be organized in any desired fashion: by size, color, or fabric.

The L'eggs Pantyhose Advisor—an interactive computer in the shape of a giant L'eggs egg—is another significant merchandising aid. Consumers punch in their height, weight and wearing occasion, said L'eggs' Gilbert. Other questions, such as closed vs. open-toed shoes, standing vs. sitting occasions and any leg problems, are also addressed. In approximately 30 seconds, the computer recommends a size and two different styles appropriate for the occasion. It also describes what the package looks like. She claims that the device has "increased sales by as much as 40 percent since last winter's rollout."



Hosiery in Albertson's is sold at 20 percent discount everyday to add to the store's value image and capture more impulse sales.

Rack 'em up.



FINANCIAL

Rite Aid's net and sales increase in first quarter

SHIRESMANTOWN, Pa. — Rite Aid Corp. reported increased earnings and sales for the first quarter ended June 2. Corporate earnings increased to \$25.2 million, or 61 cents per share, from the \$23.3 million figure posted in last year's quarter. Sales were up 10.1 percent, to \$830.5 million.

Retail drug net income climbed 6.8 percent to \$23.3 million, on sales of \$785.7 million, a 9.4-percent increase. As of June 2, the retail drug division operated 2,355 stores, a net gain of three from last year's period.

In the specialty retailing divisions, American Discount Auto Parts' net grew from \$330,000 to \$654,000 on a 20.0-percent increase in revenue, to \$17.7 million; Encore Books' net was up \$12,000 to \$57,000, with sales increasing 7.4 percent to \$7.8 million; and Concord Custom Cleaners saw earnings fall to \$308,000 from last year's \$487,000, with revenues climbing 7.5 percent, to \$6.9 million.

In the Sera-Tec Biological medical service division, the acquisition of 14 blood plasma centers in May 1989 boosted sales 53.5 percent, to \$12.5 million, with revenues climbing 32.9 percent to \$908,000.

Fay's to build Paper Cutter base

Cont. from page 2
5,000-square-foot bantam unit, under the name F.D.C. Corner Drug, in Big Flats, N. Y. The chain has also been acquiring bantam stores from independents, including recent acquisitions in Egbertsville and Batavia, N. Y., and will seek to acquire as many as 10 more this year, Panasci said.



Panasci

News' June 18 issue, Fay's posted revenues for first-quarter 1991, ended April 28, of \$153 million and net earnings, before an extraordinary charge of \$574,000, of \$1.5 million. The charge was related

to the repurchase of subordinated debentures issued in 1985.]

Panasci also told shareholders at the annual meeting that Fay's plans to have all its super drug stores up on POS registers before the end of this fiscal year. All Paper Cutters and Wheels are now equipped with POS systems.

Bantam-sized promos

The Eden and Big Flats bantams have scaled-down promotional programs, Wolfson noted, and focus on core drug store departments plus some seasonal merchandise.

As of May 22, Fay's operated 222 stores, including the 18 Paper Cutters and 25 Wheels stores.

Panasci, noting that net earnings reached an all-time high of \$10.4 million on revenues of \$574.1 million for fiscal 1990, estimated that sales should exceed \$650 million this year and said the chain is setting its sights on hitting \$1 billion in sales by calendar 1993.

[As reported in *Drug Store*

Walgreen May sales up

DEERFIELD, Ill. — Walgreens' May sales registered a 12.5-percent increase, to \$511.2 million, the company reported, with same-store sales increasing 9.2 percent. Sales for the year to date were \$2.482 billion, a 12.9-percent increase over 1989.

As of May 31, Walgreens operated 1,536 stores in 28 states and Puerto Rico, compared with 1,458 a year ago.

MARKET DIARY:

Largest Dollar Gainer	Zenith Labs	\$ 3.00
Largest Dollar Loser	JC Penney	\$ - 8.00
Largest Percentage Gainer	Zenith Labs	70.59%
Largest Percentage Loser	Columbia Labs	-19.54%

Advances	27
Declines	27
Unchanged	2
New highs	12
New lows	2

	Close 6/6/90	Close 6/26/90	Net Change	Percent Change
Drug Store News Index	3056.39	3186.88	130.49	4.27
Dow Jones Industrial Average	2925.00	2842.33	- 82.67	- 2.83
Standard & Poor's 500-Stock Index	366.64	352.06	- 14.58	- 3.98
N.Y.S.E. Composite	199.93	192.47	- 7.46	- 3.73
Value Line Index	250.43	242.85	- 7.58	- 3.03

Source: Nordby International Inc., Boulder, Colo.



DRUG STORE NEWS INDEX

Exch	Company	Ticker Symbol	Closing Price 6/6/90	Closing Price 6/26/90	Net Change In Period	Percent Change In Period	P/E Ratio	Annual Dividend Rate	Annual Dividend Yield	Annual High	Annual Low
Chain store transactions											
OTC	Arbor Drugs	ARBR	19.25	19.75	0.50	2.60	17	0.16	0.81	24.75	15.25
OTC	Big B (L)	BIGB	9.50	10.00	0.50	5.26	40	0.16	1.60	15.25	8.75
OTC	Drug Emporium	DEMP	8.13	8.38	0.25	3.08	13	0.10	1.19	14.75	6.25
NYS	Fay's Inc.	FAY	8.88	9.88	1.00	11.27	14	0.20	2.03	15.00	7.75
ASE	Genovese Drug	GDX.A	7.75	7.88	0.13	1.61	19	0.24	3.05	11.75	7.75
OTC	Leroy Pharmacies (H)	LERY	6.75	7.38	0.63	9.26	-246	0.00	0.00	7.50	2.88
NYS	Longs Drug Stores	LDG	42.00	40.75	-1.25	- 2.98	13	1.04	2.55	48.50	36.75
OTC	Medicine Shoppe	MSH	21.75	22.25	0.50	2.30	22	0.16	0.72	26.38	17.75
NYS	Perry Drug	PDS	7.38	8.75	1.38	18.64	15	0.00	0.00	12.75	7.00
NYS	Rite Aid Corp.	RAD	35.13	33.50	-1.63	- 4.63	16	0.88	2.63	41.13	29.50
NYS	Walgreen Co.	WAG	45.75	46.25	0.50	1.09	18	0.80	1.73	50.25	39.88
Wholesaler's transactions											
ASE	Bergen Brunswig (H)	BBC	28.25	27.90	-1.25	- 4.42	15	0.40	1.48	28.88	20.50
OTC	Bindley Western Ind. (H)	BIND	11.63	14.13	2.50	21.51	23	0.00	0.00	14.25	8.25
OTC	Cardinal Distribution (H)	CDIC	26.25	26.63	0.38	1.43	21	0.08	0.30	27.50	18.25
OTC	Durr-Fillauer	DUFM	21.63	24.00	2.38	10.98	16	0.28	1.17	25.88	18.50
ASE	Ketchum	KCH	2.25	2.50	0.25	11.11	- 1	0.00	0.00	6.50	1.63
NYS	McKesson Corp.	MCK	35.13	35.38	0.25	0.71	16	1.60	4.52	39.75	31.75
ASE	Moore Medical	MMD	6.25	6.00	-0.25	- 4.00	- 9	0.00	0.00	15.13	5.25
NYS	Owens & Minor	OMI	13.00	12.88	-0.13	- 0.96	35	0.24	1.86	13.63	10.63
Manufacturer's transactions											
NYS	Abbott Labs (H)	ABT	37.88	40.25	2.38	6.27	20	0.84	2.09	41.00	29.00
NYS	American Home Products	AHP	53.50	50.50	-3.00	- 5.61	14	2.12	4.20	55.13	46.50
NYS	Baxter International	BAX	23.38	24.13	0.75	3.21	- 56	0.64	2.65	26.25	20.50
OTC	Block Drugs Co.	BLOCA	35.25	35.00	-0.25	- 0.71	13	0.68	1.94	38.00	33.25
ASE	Bolar Pharmaceutical	BLR	6.75	5.50	-1.25	-18.52	15	0.04	0.73	30.50	3.50
NYS	Bristol-Myers Squibb (H)	BMV	62.13	61.38	-0.75	- 1.21	40	2.12	3.45	63.63	46.38
ASE	Carter-Wallace	CAR	53.75	52.75	-1.00	- 1.86	16	0.80	1.52	60.50	45.25
ASE	Columbia Labs (L)	COB	10.88	8.75	-2.13	-19.54	- 9	0.00	0.00	19.63	7.38
ASE	Forest Labs	FRX	45.00	43.38	-1.63	- 3.61	30	0.00	0.00	47.38	30.50
NYS	ICN Pharmaceutical	ICN	2.75	4.00	1.25	45.45	- 1	0.00	0.00	6.88	2.50
ASE	Lee Pharmaceutical	LPH	1.63	2.75	1.13	69.23	- 11	0.00	0.00	4.00	1.50
ASE	Leiner P. Nutrition	PLI	11.75	11.88	0.13	1.06	13	0.00	0.00	14.25	8.75
NYS	Lilly Eli Co. (H)	LLY	77.75	79.38	1.63	2.09	23	1.64	2.07	81.63	54.38
NYS	Marion Labs	MKC	24.50	24.88	0.38	1.53	86	0.60	2.41	36.63	21.00
NYS	Merck Co.	MRK	83.75	82.88	-0.88	- 1.04	21	1.80	2.17	85.38	66.63
NYS	Mylan Labs	MYL	23.50	22.75	-0.75	- 3.19	32	0.20	0.88	25.38	9.38
NYS	Par Pharmaceutical	PRX	6.00	7.63	1.63	27.08	- 12	0.00	0.00	10.38	3.88
NYS	Pfizer Inc.	PFE	64.50	62.38	-2.13	- 3.29	15	2.40	3.85	75.75	54.50
NYS	Rorer Group (H)	ROR	70.63	67.38	-3.25	- 4.60	32	0.84	1.25	70.75	37.00
NYS	Schering Plough	SGP	47.25	46.75	-0.50	- 1.06	21	1.12	2.40	48.00	32.75
NYS	Syntex Corp. (H)	SYN	58.50	57.00	-1.50	- 2.56	20	1.60	2.81	59.50	40.00
OTC	Taro-Vit Industries	TAROF	0.88	1.13	0.25	28.57	- 16	0.00	0.00	1.88	0.88
NYS	Upjohn Co. (H)	UPJ	43.25	40.50	-2.75	- 6.36	24	1.00	2.47	43.50	29.50
NYS	Warner-Lambert (H)	WLA	61.25	62.25	1.00	1.63	19	1.52	2.44	64.88	44.25
OTC	Zenith Labs	ZENL	4.25	7.25	3.00	70.59	—	0.00	0.00	14.00	3.50
Other retailer transactions											
NYS	Albertson's (s)	ABS	33.50	34.13	0.63	1.87	11	0.96	2.81	35.13	23.50
NYS	American Stores	ASC	70.25	65.25	-5.00	- 7.12	18	1.12	1.72	72.50	51.38
NYS	Giant Food	GFS.A	27.13	26.75	-0.38	- 1.38	15	0.60	2.24	36.25	24.13
NYS	Great Atlantic&Pacific Tea	GAP	56.88	55.63	-1.25	- 2.20	14	0.68	1.22	65.38	48.25
NYS	K mart	KM	36.50	34.88	-1.63	- 4.45	21	1.72	4.93	44.88	32.13
NYS	Kroger	KR	15.25	14.88	-0.38	- 2.46	-165	0.00	0.00	19.75	11.75
NYS	Melville Corp.	MES	50.63	50.63	0.00	0.00	15	1.40	2.77	53.63	41.13
OTC	Fred Meyer	MEYR	16.25	16.25	0.00	0.00	- 63	0.00	0.00	22.00	13.00
NYS	Penney, JC	JCP	67.25	59.25	-8.00	-11.90	9	2.64	4.46	75.63	54.88
NYS	Safeway	SWY	12.38	12.75	0.38	3.03	98	0.00	0.00	12.88	11.63
NYS	Smith's Food & Drug	SFD	33.00	32.25	-0.75	- 2.27	27	0.28	0.87	33.75	20.50
NYS	Wal-Mart (H)	WMT	60.38	59.50	-0.88	- 1.45	30	0.28	0.47	63.63	37.00

Note: Albertson's completed a 2-for-1 stock split. Key: (H) = New high in period. (L) = New low in period. (d) = Deficit. NYS = New York. ASE = American. OTC = Over the counter. (s) = Reflects stock split.

Source: Nordby International, Inc., Boulder, Colorado

"Every retailer is on the look-out for something like it", H.H., NY

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LATE NEWS

Rite Aid weighs legal counterpunch

By Susan Ball

SHIREMANSTOWN, Pa. — Now that a judge in Cleveland has thrown out the bribery case against Rite Aid and its president, Martin Grass, Rite Aid is considering expanding the defamation suit filed last year against Ohio Board of Pharmacy member Melvin Wilczynski to include others involved in the case.

The civil suit against Wilczynski, who had been a consultant to Peoples Drug's Lane division, was originally filed in May 1989 and had been stayed pending the outcome of the bribery trial. The stay has now been lifted by Judge Alvin I. Krenzler of U.S. District Court for the Northern District of Ohio, in Cleveland.

'This [bribery] case was rotten from its inception and had no merit whatsoever. We don't want to proceed like that; we will proceed with deliberation.'

—Moscarino

One of the attorneys representing Rite Aid and Grass, George J. Moscarino of the Cleveland law firm of Jones, Day, Reavis & Pogue, said, "We have a lot of discovery to do, which we were prohibited from doing" for the approximate year the stay order was in effect.

"We will now have to determine whether to add people to the suit, initiate other suits, or both, or neither," Moscarino told *Drug Store News*.

"This [bribery] case was rotten from its inception and had no merit whatsoever," he said. "We don't want to proceed like that; we will proceed with deliberation."

The bribery trial, which began July 2, ended July 16, after the prosecution rested its case and before defense testimony was to begin, when Judge Lillian J. Greene of Cuyahoga County Common Pleas Court granted a defense motion for a judgment of acquittal. Judge Greene ruled that the evidence presented was

See Rite Aid page 45

Revco LBO finding may bring slew of suits

By James Frederick

NEW YORK — A close examination of Revco's 1986 leveraged buyout turned up plenty of evidence that the deal was poorly conceived, perhaps even fraudulent in some aspects. That finding could open up a slew of lawsuits by current Revco creditors against former shareholders, company insiders and financial firms which profited from the buyout.

It is also likely to impact

how future LBOs are conceived and sold to lending banks, bondholders and other investors and creditors. Future deals may be constructed with far more caution in light of the finding's implications.

Last month, a bankruptcy law expert appointed to examine Revco's failed LBO concluded that the deal put together four years ago probably left the giant drug

News Analysis

chain "with insufficient capital to conduct its business... [or] satisfy its then known obligations."

In his preliminary report to U.S. Bankruptcy Court, Barry Zaretsky, the Revco examiner, also noted that "projections used to support the analysis of the Revco LBO may not have been properly prepared."

"On an asset basis, it is certainly plausible that Revco

was rendered insolvent by the Revco LBO," he wrote.

Zaretsky, a law professor who serves with the New York legal firm of Kelley Drye & Warren, also noted in the report his belief that "there is a basis for proving the financial elements of a fraudulent conveyance."

With his preliminary conclusion that "viable causes of action exist against a broad panoply of defendants under

See Revco page 45

FEATURES



NACDS conference explores Rx of the 90s

ANAHEIM — Directors of pharmacy from major drug chains nationwide, representatives from pharmaceutical manufacturers, and friends of pharmacy will converge here August 26 to attend NACDS' 33rd Annual Pharmaceutical Conference being held at the Anaheim Hilton.

Dubbed "Decade of Transition," the four-day conference will explore the future of retail pharmacy over the next decade. Of particular interest to attendees will be discussion on the changing health care environment of the '90s and its affect on retail pharmacy. A panel of experts, headed by Arthur Miller of the Harvard Law School and the TV show, "Millers Court," will take an in-depth, futuristic look at the quality and efficiency of health care, technology and patient care over the next decade.

Attendees will also be able to attend a series of mini-seminars that will feature such topics as: the im-

pact of technology, presented by Bill Felkey, M.S., Auburn University; managing patient care, presented by Bruce Berger, Ph.D., Auburn University; research and information on the retail prescription marketplace, presented by Kurt Proctor, Ph.D., NACDS director, research and information; driving sales by listening to customers' advice, Tom Leonard, president of Stew Leonard's of Danbury, Conn.; and catering to the older patient, presented by Jack Robbins, Ph.D., Schering Laboratories.

Famed ABC sports commentator Chris Schenkel will be a special breakfast guest speaker.

Chain drug retailers will be able to visit with drug manufacturers at their booths during exhibit hours and at business conferences scheduled throughout the four days. Chain and associate members may earn 0.85 CEUs for verified participation in the conference.



Drug Emporium is bracing for the inevitable deep discount battles around greater L.A.

Drug Emporium heats up Southern California

REDONDO BEACH, Calif. — After a sluggish start in the mid-1980s, and with Phar-Mor now appearing in its rear-view mirror here for the first time, Drug Emporium is up and running again in Southern California. The off-price giant has opened four new stores in the greater Los Angeles region since it bought out a local franchisee in 1988, and will bring two more on-line by the end of the year.

Drug Emporium now has nine stores open in Southern California, and has nailed down leases for two new stores which will open late this year in Puente Hills and Lan-

caster, Calif., outside L.A. The chain is also "in various stages of negotiations" for leases on several more sites in the sprawling, densely-populated area around L.A., according to West Coast regional director of operations Tim Ziemke.

In addition to Redondo Beach, Drug Emporium now has units open in Fountain Valley, Fullerton, Tustin, North Hollywood, Anaheim, Covina, Chino and LaPalma.

"Our biggest challenge in California is to get our store count up; we need more locations," said Ziemke's superi-

See Drug Emporium page 45

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NEWS IN BRIEF

May's picks up six Okla. Revcos

TULSA, Okla. — May's Drug Stores has acquired six Oklahoma Revcos, raising its roster to 31. The stores were originally part of Eckerd's purchase of 220 Revcos.

May's kept all employees when the stores started to operate under the May's banner on August 1. Remodeling will start later this summer, president Gerald Heller told *Drug Store News*.

Advertising May's new ownership will begin after a few weeks of operation, said executive vp Russ Smith II. May's will run weekly rather than monthly ads in the affected markets, until customers grow used to the change, he added. The ads will feature both logos during the first few weeks, then start to emphasize the May's logo. "Typically, we have a character which pushes the other logo off the page, little by little, each week," Smith said.

Eckerd places \$123M in senior notes

CLEARWATER, Fla. — Eckerd's recent placement of \$123 million in senior secured notes (due 1997) with Merrill Lynch Capital Markets will be used in part to refinance senior bank debt and won't increase Eckerd's total debt, said Dorothy Lee, an analyst with Moody's Investors Service.

The placement was done along with a refinancing of Eckerd's bank credit agreement with Morgan Guaranty Trust Co., an agent for the bank lending group.

The new notes' security will be subordinate to the remaining bank debt, and there will be no less security for holders of Eckerd's high-yield bonds, said Lee.

Eckerd said that the move will provide added working capital, and reduce the required principal amortization "over the next several years."

Nichols files for Chapter 11 protection

NEW YORK — Despite a 15-month-long restructuring effort that included closing unprofitable stores and converting 16 of its discount department stores to deep discount drug stores under the name Pharmhouse, S.E. Nichols filed for Chapter 11 protection Aug. 2 in the United States Bankruptcy Court, Southern District of New York.

The company, which failed to pay the interest due June 1 on its 14 3/8-percent debentures, had been pursuing financing alternatives. In addition, Kenneth A. Davis, Nichols president and ceo, said the company "has encountered increasing problems in obtaining adequate vendor support."

Davis stated that seeking relief under Chapter 11 would enable the company to continue converting its stores to Pharmhouse outlets and operating the stores already converted, which the company said have shown encouraging results to date. The company also announced it has received a commitment from Sterling National Bank for a revolving credit facility of up to \$10 million.

For Bergen Brunswig, it's another Martini, straight up

ORANGE, Calif. — When Emil P. Martini, Jr., retires as ceo at Bergen Brunswig the end of this month, his younger brother, president Robert E. Martini, will assume the extra title.

Emil Martini will continue as chairman. Dwight Steffensen, executive vp, will take on the chief operations officer responsibility.

"This move is the latest stage in a transitional period that has developed over the past few years," John T. Fay, Jr., vp, told *Drug Store News*. "The strategic direction of the company will remain the



Emil Martini



R. Martini

same, the brothers are just changing responsibilities as they ease into retirement."

The change was not a total surprise, since the company has a retirement plan which is designed to encourage retirement at the age of 62, Fay said. Emil Martini turned 62

on August 9. Additionally, the company's fiscal year ends on August 31. "Obviously, it seemed to him to be the right time for a change," Fay said.

The move fits in with the recapitalization plan, approved by shareholders a year and a half ago, Fay added. Under that plan, the company's B stock, currently held by the Martini brothers, would convert to A stock by 1994.

Bergen Brunswig has eclipsed \$3.5 billion in sales, and is credited with being a drug wholesaler on the cutting edge of technology.

SupeRx: No plans to divest Ariz. units

PHOENIX — SupeRx Corp. chairman and chief executive Gerald Wolken firmly denied a published report that the bankrupt company had retained the former head of Wickes Cos. and was planning to divest its stores in Arizona.

According to the report which surfaced last month in another newspaper, SupeRx had hired former Wickes Cos. chairman and ceo Sandy Sigoloff to help with its financial reorganization. Quoting "industry sources," the report stated that one of Sigoloff's duties would be to divest the SupeRx stores in the company's home state, leaving the firm with 89 Medicare-Glaser stores in Missouri, Illinois and Connecticut.

"There's absolutely no truth to it," Wolken told *Drug Store News*. "We haven't hired Sigoloff, and we will not do so."

Wolken also denied that the chain had any plans to sell the Arizona division or any other large blocks of stores. "Our plan is to negotiate a plan of financial reorganization and come out of Chapter 11 intact, as an ongoing concern," he

said. "That hasn't changed."

Meanwhile, Wolken said, SupeRx is still "in the process of interviewing candidates" to select an investment banker to help in its reorganization efforts. The chain is also interviewing to fill the post of chief operations officer, which was vacated with the departure of former president and chief operations officer Jim Mastrian in May, at the time of SupeRx's bankruptcy filing.

"We're still pretty early in the process," said Wolken.

SupeRx filed for Chapter 11 protection May 11 after failing to negotiate a new financial package following the collapse of its chief lending institution, the notorious Lincoln Savings & Loan, once headed by Charles Keating. SupeRx moved quickly to close 11 underperforming drug stores and rebuild supply pipelines with vendors after the filing.

Those efforts have paid off, Wolken said. "Our in-stock situation has seen dramatic improvement," he said. "For the most part our vendors have been very supportive."

Concord/Wrigley eyes Fairlane deal

PONTIAC, Mich. — Concord/Wrigley Drugs has signed a letter of intent to purchase Fairlane Drugs, a small chain of five drug stores in the metro Detroit area. The purchase, if finalized, will boost Concord to 15 total units.

"We have an option to buy the stores, provided all the terms and conditions are

'We have an option to buy the stores, provided all the terms and options are met.'

— Alan Stotsky

met," said Concord chief executive Alan Stotsky. "They fit right into our marketing plans, and they don't overlap with our [current locations]."

The Fairlane stores, all of which Concord plans to keep open, operate in the suburban towns of Warren, Livonia and Sterling Heights north and west of Detroit.

Revco names new head of pharmacy operations

TWINSBURG, Ohio — Michael O'Neill has been promoted to replace Jim Rotsart as vp-professional operations at Revco D.S. Rotsart has resigned after serving as head of pharmacy operations since 1989.

O'Neill, 50, is currently regional vp of Revco's western region, much of which has already been sold off. The rest of the western division stores are still on the selling block in line with the chain's 712-store divestiture program, and O'Neill will take up his new post later this year when the remaining units in Arizona, New Mexico, western Texas and Colorado are sold.

A 27-year drug store industry veteran and pharmacist, O'Neill joined Revco in 1988 after serving as regional vp for Gray Drug Fair. He also spent 13 years with Jack Eckerd Corp. as a pharmacist, store manager, pharmacy operations manager, Houston district

manager and vice president.

O'Neill will continue to report directly to Dwayne Hoven, executive vp-stores.

Corrections

Due to a reporting error, an article in the July 23 issue of *Drug Store News*, "Mesalam fills president's post at Hook," referred to senior management resignations at the drug chain. There have been no resignations.

Newell Hall, former president, and Mark Varnau, former vp-marketing, both retired within the past year.

* * *

A chart of the best-selling non-chocolate candies that appeared in the July 23, 1990 issue of *Drug Store News* didn't cover the entire product segment; rather, it focused on low-price "10-cent" brands and novelties that have special appeal to children. The chart's headline didn't properly reflect that focus.

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SPECIAL SAMI REPORT

Lack of new products slows down H&BA sales

During the 12 weeks ended March 23, 1990, nationwide unit sales in 59 health and beauty aid categories tracked by SAMI fell 1.6 percent in food stores and 2.0 percent in drug stores. A report just issued by SAMI on new brand introductions during the 52-week span provides a clue as to one of the reasons for the weakness of health and beauty aids categories. There were only 21 new brands launched during the year with volume of \$1 million or more in the nation's food stores.



PRODUCT TRACKING
ALAN MILLER

All of the 21 new million-dollar H&BA brands combined accounted for \$83.8 million, or just under 1 percent of total annual food store sales in all monitored categories combined.

There were 373 new H&BA brands introduced during the year with volume, to date, of less than \$1 million. Combined, they accounted for \$16.4 million, or less than 0.2 percent of total health and beauty aids annual volume in food stores of nearly \$9.1 billion.

The average retail sales among these 373 new brands was only \$44,000, and in many instances, their 12-week share was less than 0.005 percent. In a number of instances, new brands were no longer being marketed in any of SAMI's 54 major markets as of the 12-weeks ending March 23.

There were four H&BA product categories with more than 20 new brands introduced in food stores during the 52-week interval, paced by shampoo, with 40 brands appearing in one or more SAMI markets. The other three categories with more than 20 new brands were hair conditioning rinses (32), hair setting needs (24), and hand and body creams/lotions (22). There were four H&BA categories with no new product activity: denture adhesives, chest rubs, home permanent kits and proprietary tranquilizers.

Anyone wishing to obtain the comprehensive Arbitron/SAMI new product introductions report should contact Celeste Monte, director of corporate development, at 41 East 42nd St., New York, N.Y. 10017, (212) 297-1176.

Of these 21 brands, there were only three with 52-week dollar volume in excess of \$10 million: Motrin IB (Ibupro-

Two categories had as many as three new million-dollar brands: stick deodorants and pads, and shampoo.

fen), Co-Advil (also an Ibuprofen ingredient cold remedy) and Chesebrough-Pond's Rave shampoo. The highest 12-week dollar share attainment was provided by Gillette's new Sensor razor sets, which accounted for 55.1 percent of category volume. Gillette Sensor razor blades had year-to-date food store volume of \$4.2 million in this category. Another brand with strong sales performance was Fabergé Power stick antiperspirant, introduced nationally in June 1989 and accounting for 4.4 percent of 12-week category volume for the period.

Among deodorants and antiperspirants, Helene Curtis' Degree Spray held a 2.8-percent dollar share and its roll-on product accounted for more dollars than the spray, but the share level was lower (1.9 percent). Two categories had as many as three new million-dollar brands: stick deodorants and pads, and shampoo. Another new million-dollar brand with good performance was S.C. Johnson's Soft Sense shaving cream, which reinforced the company's franchise in this category as a companion product to Edge.

Compact Counter Display Pack (12s) takes only 2½" of shelf space.

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Importance of new H&BA brands introduced

(Year ending 3/23/90. Warehouse withdrawals, food stores)

Category	No. of million-dollar brands	12-week dollar share	No. of less than million-dollar brands	12-week dollar share
Baby powders	0	0	2	0.03
Baby oils, creams & lotions	0	0	8	0.07
Infant clothes	0	0	5	0.12
Contraceptives	0	0	5	0.91
Personal lubricants	0	0	2	0.28
Home testing kits	0	0	1	0.15
Thermometers	0	0	4	0.23
Disposable insulin syringes	0	0	3	3.24
Spray deodorants	1	2.79	4	0.03
Roll-on deodorants	0	0	4	3.79
Stick deodorants & pads	3	7.50	3	0.17
Cream deodorants	0	0	1	0.06
Feminine hygiene deodorants	0	0	1	0.21
Foot deodorants & athletes	0	0	2	0.12
Foot remedies	0	0	2	0.90
Feminine douches/washes/powders	0	0	2	0.90
First aid antiseptics	0	0	9	0.03
First aid products	1	1.05	11	0.31
Elastic goods & dressings	0	0	6	10.82
Shampoo	3	2.47	37	0.34
Hair spray	1	0.65	17	0.36
Hair conditioning rinses	0	0	32	2.27
Hair setting needs	2	2.39	24	0.36
Hair coloring	0	0	2	0.13
Hair dressing needs	0	0	8	1.12
Breath fresheners	0	0	1	1.40
Denture cleaners	0	0	1	1.66
Toothbrushes	0	0	8	0.13
Antacids	0	0	6	0.03
External analgesics	0	0	5	6.11
Cold remedies	1	2.09	5	0.12
Nasal sprays/drops/inhalers	0	0	2	0.02
Cough remedies	0	0	11	0.05
Laxatives & stool softeners	0	0	6	0.03
Sleeping aids	0	0	3	0.03
Eye care products	0	0	4	0.07
Appetite suppressants	0	0	5	0.94
Synthetic vitamins	1	0.84	7	0.04
Natural vitamins, minerals, & supplements	0	0	12	0.39
Misc. proprietary remedies	0	0	6	0.05
Shaving creams	1	4.35	3	0.02
Pre-shave lotions	1	13.95	2	2.48
Aftershave lotions	1	4.85	7	2.09
Razors & blades	2	62.68	1	1.57
Hand & body creams/lotions	0	0	22	0.16
Facial preparations	0	0	10	1.21
Lip care products	0	0	9	0.17
Cosmetic & medicated skin aids	0	0	12	2.43
Total	21		373	

Source: Arbitron/SAMI

BEAUTY TRENDS

Size matters when considering hair care families



In hair care, the big merchandising question this year is still whether to planogram by family or by category.

Even though more chains are moving toward a family presentation, there is still vigorous debate as to whether this is the smartest course.

Some feel that a family approach, although logical, is not appropriate for the average drug chain with less than 12,000 square feet per store.

"In categories like hair care, skin care and bath," said a toiletries manager for a Top Five drug chain, "there isn't enough room on many gondolas to merchandise everything by family. You can't get all the segments on one gondola, especially if you have stores with gondolas averaging eighteen to twenty-four feet.

"And then you have single items, and lines with just five SKUs, and these can be very good sellers, but they will get lost if you try to do a family presentation. It isn't fair to these vendors to go with a family set, plus it deprives me of their full sales potential."

The person in charge of toiletries for another major drug chain also felt that a family set for hair care is not a productive step to take.

"If we put everything together by families, it's too confusing for customers," the director of toiletries said. "The items lose their identity. People want to buy deodorants in deodorants. Shampoos in shampoo.

Many chains are currently in what buyer described as a "transitional mode" in planogramming hair care, meaning some categories have been given a family presentation (usually shampoos and conditioners), while some categories

are still generic (hair sprays and styling aids).

In this bridge state, some buyers find themselves facing an additional complication. Some hair sprays, such as Aqua Net, may have been taken from the generic set and mixed in with the rest of their family of shampoo, conditioning and styling aid products. But other brands are not merchandised with a family. They are merchandised in the generic set.

Some buyers report customers are confused by this type of presentation, assuming that when can't find a brand in the generic set, the store's out of it, or vice versa if they can't find it in the family presentation.

Buyers know this approach isn't working, but they haven't found the answer for it.

"It's like realizing you can't be half pregnant," says Perry Drug's Scott Gorley. "You have to go one way or the other, but in a chain such as ours, where some stores are too small to do a family set, it's not clear yet what to do.

Perry space moves help some products grow 30%-plus

"In our 5,000-square-foot stores, we have sixty-four-inch high gondolas that average eighteen to twenty feet. Space is too tight to do a family set.

"In our 15,000-square-foot stores, we have the space and we can do it. But we also want all our stores to look the same, so what should we do?"

In Perry's latest planogram for their largest stores, the mass hair care department currently gets 32 feet, in eight 4-foot sections.

The first two sections open with the therapeutic shampoos and conditioners on the top two shelves, and the low-

Trends in hair care product category sales*						
(In millions of dollars)						
	1988** sales	% change	1989** sales	% change	1990*** sales	% change
Shampoo	\$1,078.6	6.5%	\$1,149.0	6.5%	\$ 386.2	4.3%
After shampoo	609.2	10.7	652.0	7.0	221.7	5.8
Fixatives	490.3	5.7	482.5	(1.6)	157.3	(1.6)
Hair color	398.4	5.0	416.3	4.5	140.3	4.3
Ethnic	226.7	5.1	233.1	2.8	74.7	(4.0)
Mousse	112.5	(8.3)	108.2	(3.8)	36.0	(0.1)
Men's hair preps	109.1	(1.2)	107.6	(1.5)	33.8	(4.6)
Perms/waves	90.6	(0.1)	91.8	1.4	28.8	(1.8)
Total hair care	3,115.3	5.7	3,240.7	4.0	1,078.9	2.5

*All mass food and drug outlets. Mass merchandise store estimates are not available.
 **For the full year ended in December
 ***For the four-month period ended in April 1990.
 Source: Nielsen Marketing Research



Professional hair care products are one of the strong growth areas in hair care for chain drug stores, up as much as four times the mass market category, buyers say.

end brands merchandised across the bottom in blocks.

The third section makes the transition into the mid-priced shampoos and conditioners which are merchandised together on the top two shelves, while the low-end brands continue to flow across the bottom of the section in blocks.

The last 8 feet on the far right of the planogram turns into the family set, with lines such as Vidal Sassoon, Pantene, Redmond, Salon Selectives, Jhirmack and Studio all merchandised here as a family of products.

Perry also has a 4-foot and an 8-foot set for styling aids that is located either adjacent to the 32-foot set or right across from it, depending on store size and configuration.

Again, depending on store size, color is given either 4, 8 or 12 more feet while perms usually get 4 feet.

The professional hair care department is merchandised on a low gondola in the cosmetics department. Perry's cos-

Hair care category sales, by class of trade		
(In millions of dollars)		
	Food	Drug
1987* sales	\$1,553	\$1,392
% change	2.4%	1.4%
Share of sales	52.7%	47.3%
1988* sales	\$1,641	\$1,474
% change	5.6%	5.9%
Share of sales	52.7%	47.3%
1989* sales	\$1,699	\$1,541
% change	3.5%	4.6%
Share of sales	52.4%	47.6%
1990** sales	\$560.5	\$518.5
% change	1.0%	4.1%
Share of sales	51.9%	48.1%

* For the full year ending in December
 ** For the four-month period ended in April 1990.
 Source: Nielsen Marketing Research

meticians are responsible for this department and are close by to answer customer questions and suggest appropriate purchases.

Until this year, Perry wasn't using a strict planogram for hair care. But since

the planogram has gone into effect, Scott Gorley reports that sales on some lines are up 30 percent over a year ago. He credits the planogramming and the family presentation for making the difference.

Continued on page 26

BEAUTY TRENDS

Hair care

Styling aids, all-in-ones give hair care category a boost

Although the hair care category is mature, with consumption of shampoos and conditioners at saturation, chain drug hair care buyers and merchandisers report they see growth in select segments, specifically styling aids (especially spritzes), all in one products (especially Pert Plus), shine enhancing products, hair color, value-priced brands and premium-priced prestige and salon brands.

Most chains say their shampoo/conditioner sales are up moderately in dollar sales, helped by the growth in popularity of premium-priced and professional salon lines.

Deep discount chains, such as Detroit-based F&M and Cincinnati-based Drug Emporium, are enjoying stronger growth with some sources reporting dollar sales gains of 8 percent or better in this segment, and unit sales increases in the low single digits.

The spritz segment is up in

excess of 10 percent in dollars for many of the traditional chains, and up in excess of 25 percent for some deep discount chains.

All-in-one products like P&G's Pert Plus are doing "fabulously," with every buyer interviewed reporting strong growth in this area. Pert Plus, of course, was also helped by its recent high rating in a *Consumer Reports* article on hair care products.

At one of the Top Five Highest Volume drug chains, the merchandiser in charge of toiletries says their strongest growth right now is coming from Pert Plus, which seems, with its success, to have launched a whole new segment of hair care products: all-in-one shampoo conditioners.

Like the majority of buyers polled, this source feels that both the new Vidal Sassoon Ultra Care line and Revlon's new Flex & Go shampoo/conditioners will also do well

when they debut later this year, simply because there is such a demand for this type of convenience product.

Strength in pro lines

This chain also reports that its sales of professional hair care products like Aussie, All Set, TRESemmé and others are also increasing at an above-average rate.

The toiletry director for another very high volume drug chain also confirmed that "Styling and professional products are where it's happening for us."

"Our shampoos and conditioners are up about 5 percent in dollars because of the success of the premium and professional brands, but in units, we're basically flat."

"Styling, however, is up almost in double-digit rates and it's because of all the new entries in the category. Our professional lines are up four times as much as the regular



Is it easier for consumers to shop for hair care by segment or by brand families? Most chains think the family approach works best for shampoos and conditioners, but they go with a segment approach, as pictured here, for styling aids.

shampoos and conditioners."

Many chains continue to enlarge their sets for prestige and salon brands such as Redmond's Aussie, TRESemmé, All Set and others. They are also reporting good movements on lines relatively new to this category, such as New Zealand, Faust and CitreShine.

At Douglas Drug in Rhode

Island, hair care buyer Steve Dubin said professional lines are doing so well that Douglas has now authorized 8-foot and 12-foot sets for all 16 of its stores. "It's a strong growth area for us," Dubin said, "but we need to give it more space to make it stand out more."

Dubin also reported that he

(Continued on page 30)

Size does matter when considering hair care families

Continued from page 25

Because of pressing priorities in other areas, Gorley doesn't plan to make any further hair care planogram changes this year, but by next spring, when their next planogram rolls out, he hopes he'll have enough information from sellthroughs and operations to

decide if a full family-line presentation is the right way to go.

At Bartell Drug, vp of merchandising Gordon O'Reilly says he is still grappling with the question of a family concept versus a category concept.

"We'd like to do a family presentation," he says, "be-

cause we'd believe we'd be more likely to get companion sales. It's certainly true with Neutrogena. They convinced us to do a family set and they were sure right."

Bartell still has a category planogram in effect for its hair care department, but they have taken the intermediate step of ending their shampoo department with brands that have companion conditioners. That companion set makes a transition into their next section, which is conditioners.

Austin: professional and mass brand shoppers differ

At Austin Drug in New York, hair care buyer Kathy O'Sullivan says her nine-unit chain is also in a transitional

phase. Shampoos and conditioners are in one set; styling aids are in another. Some lines, such as Neutrogena, Studio Line, Condition, and Final Net, are in full family sets.

O'Sullivan says their merchandising change is going on in stages. Flex, for example, is not in a family set partly because Austin hasn't gotten to it yet.

Merchandise manager Burt Patowski makes the planogramming decisions, and he is reviewing family presentations in other categories, including mass skin care.

Because of space variations, Austin merchandises hair somewhat differently in its stores. Usually hair care is in the first aisle adjacent to cosmetics.

Generally, there is a 28-foot run of shampoos, conditioners and styling aids; another 10 to 16 feet for professional products; with 14 to 18 feet for color and perms.

Austin's service cosmeticians are also responsible for hair, and they're on hand to answer questions and re-order.

Austin has found that in hair care, bonus and special value promotions work well at generating traffic, specifically at key seasonal times such as the beginning of summer and back-to-school.

They plan their endcaps to highlight the products that are advertised in these events, and they usually use an entire back page of their circular just to focus on hair

care.

Last June, their summer ad, which broke in early June, featured bonus sizes of TRESemmé, Amitee, All Set and Stiff Stuff, as well as shrink-wrapped duo packs of New Zealand shampoos and conditioners.

Because Austin's management believes their customers for professional and mass lines are distinctly different shoppers, they like to feature both professional items in their ads, as well as some popular mass brands such as Flex and Head & Shoulders.

How F&M displays hair care

At F&M, hair care is given a massive presentation. Shampoos and conditioners get an average 48 to 52 feet; styling aids get 8 to 12 feet; color gets 12 feet; perms get 4 feet; and professional products get an additional 24 to 32 feet in a set adjacent to the mass hair care lines.

F&M is receptive to the idea of using shelf fixtures to help organize family lines and categories.

Merchandising director Joel Weingarten says the fixtures from Neutrogena and Studio Line have been useful in selling product and he's glad to see more manufacturers getting involved in this area.

But he warns that a fixture has to truly be able to help make a sale or it isn't worth the space it takes up on the shelf.

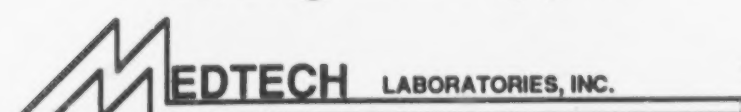
"We like it," he says of the trend, "but we don't want it overdone."

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TRENDS

Chains read books, mags for turns, margins, loyalty

No one disputes the fact that the magazine and paperback book business has undergone fundamental changes. In the magazine industry, once-dominant titles have suffered big drops in ad revenues and newsstand sales, and some have folded or been merged. Niche marketing and the decline of general-interest magazines has unleashed a flood of new titles—all vying for precious display space in the mass retail setting.

Book publishers, meanwhile, have been hit with a wave of mergers and takeovers. Distribution channels have proliferated as drug stores, supermarkets and discounters have pushed more aggressively into the book business. Unit sales in paperbacks are actually down, though revenues are up. The level of retail returns has climbed as high as 50 to 60 percent, according to reports.

All the turmoil masks the fact that books and magazines remain a predictable source of revenue for drug chains, generating quick turns, respectable gross margins and a degree of customer loyalty. In addition, the retail display allowances for magazine titles and guaranteed return policy for paperbacks and magazines takes much of the risk out of the business for retailers.

Magazines: niches and declining ad revenues

Turmoil in the magazine industry has gotten plenty of media attention in recent months. The market has become more and more segmented, with publishers aiming hundreds of new titles at very specific audiences with very specific interests. Last year, a record 584 new magazine titles entered the market, according to the Periodicals Institute, swelling the newsstand total to more than 2,800 magazines.

"The distribution channel is going to have to develop much more sophisticated information systems in how they review the performance of titles, and they're going to have to stock more efficiently," said Robert Cohn, vp-circulation for the Magazine Publishers of America, an industry group.

"Sell-through efficiencies are going down, and costs are going up," he continued.

"We've had a record number of new titles introduced in the last two years, and desk-top publishing had something to do with it," added John



The books and magazines section in this Walgreens takes a high-visibility approach with its central location near the front of the store, stimulating impulse purchases.



This Arbor unit features a strong presentation of best-selling paperbacks, with a close adjacency to the pharmacy department.

Fitzmorris of the Periodicals Institute.

Meanwhile, general-interest and top-selling titles audited by ABC, the Audit Bureau of Circulation, have been hit with declining single-copy sales and a tougher fight for ad dollars as new titles have exploded.

According to the Publishers Information Bureau, ABC magazine ad revenues fell more than 3 percent for the first half of the year. And the Magazine Publishers of America have reported dramatic declines in single-copy sales of some of the nation's top magazine titles.

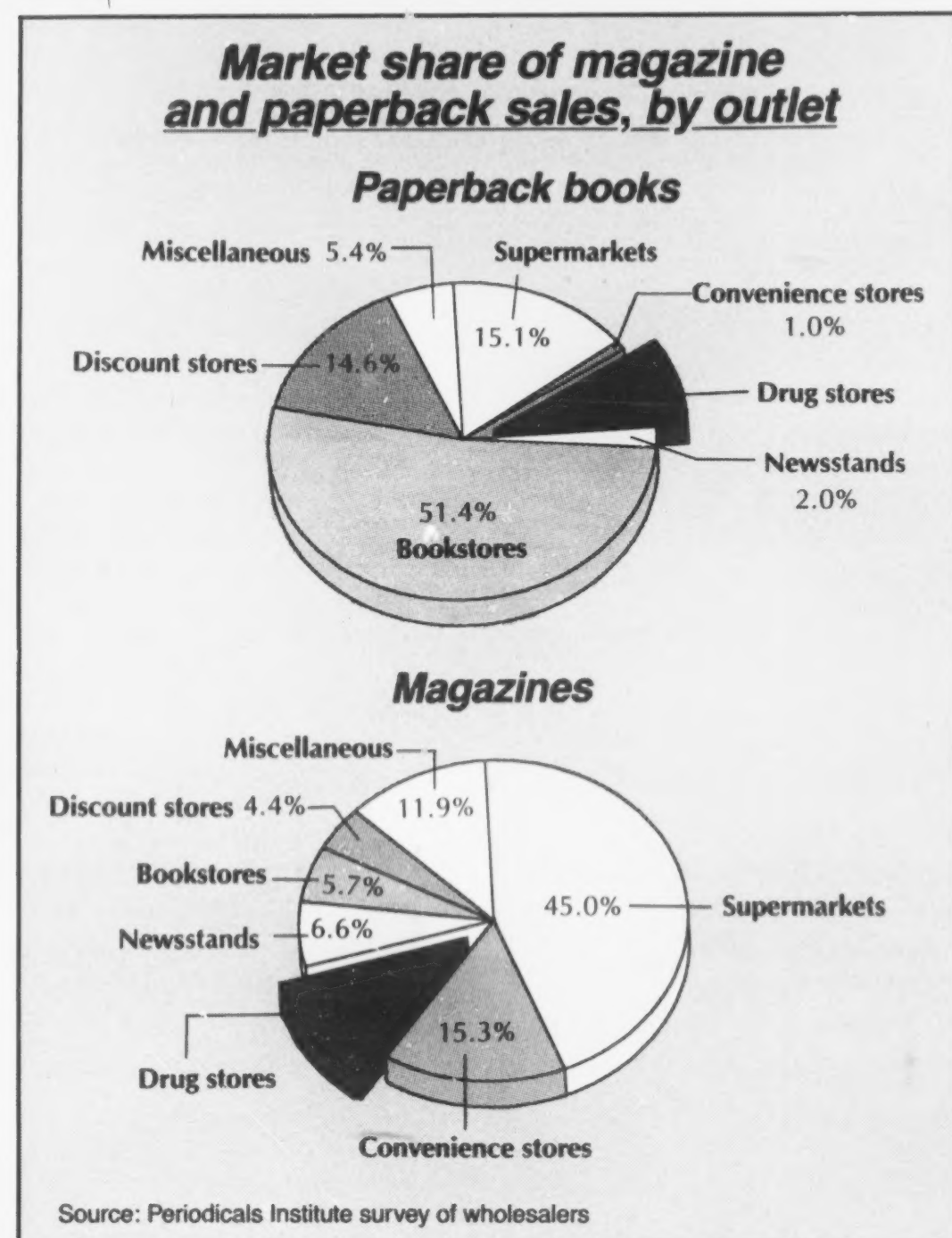
Nevertheless, industry representatives see good news behind the bad. "The top 30 or 40 titles are suffering, but the balance are not," said Fitzmorris. "Overall, both unit sales and ad revenues are up."

"Dollars and unit sales are still significantly higher than five years ago," added Cohn.

Industry advocates argue that only a small percentage of titles, about 400, are audited by the ABC. "The fact is that while sales of ABC titles have declined from 91 million copies in 1980 to 80 million in 1989,

overall newsstand sales and dollars, audited and unaudited, have reported record gains," noted the Periodicals Institute in a report.

Indeed, total magazine revenues advanced 7.5 percent last year, to \$3.67 billion, on relatively flat unit growth. The business will be built on "new products targeted to the special interest of consum-



ers," the Periodicals Institute argues, and retailers should allocate enough display space for at least 800 titles "demographically targeted to store and shopper type."

One drug chain giving greater attention to magazines is Rite Aid, which is reportedly adding 40 to 50 titles in some stores. The extra space is coming from the area formerly reserved for video rentals, a business Rite Aid exited earlier this year.

Books getting more attention from chains

The book market has also been complicated by product proliferation and increasing retail competition. According to The Book Industry Study Group (BISG), "the pressure of too much product competing

for limited rack space will continue to influence the industry to reduce offerings and control the heavy returns which contribute to projected flat sales in the next five years."

Paperback unit sales were down 2.1 percent last year, according to the Periodicals Institute, but rising prices kept revenues edging upward. Paperbacks brought in \$2.4 billion last year, with drug stores accounting for about 8 percent of the take. (See chart.)

Publishers have high hopes for the book industry's future, thanks to factors like the aging of baby boomers, the growing demand for more reading in schools and improved marketing efficiencies by the industry. The BISG predicts overall unit growth of 3.1 percent annually over the next five years, with price increases continuing to outpace inflation. Children's books should remain a strong growth area, the association predicts.

The low risks, high margins and customer satisfaction that books offer have drawn increased attention from drug and supermarket chains. Drug chains like Walgreens and Revco have boosted their book departments, with hardcover sections in larger stores. Among supermarket chains, Kroger and Vons have enhanced their selections with full-blown reading departments where space permits.

Off-price drug chains like Phar-Mor and Drug Emporium have also jumped into the business.

Magazines and books eke out gains in 1989

Mass market sales of publications

(In millions)

	1989	1988	Percentage gain or loss
Magazines			
Dollars	\$3,665.7	\$3,409.0	7.5%
Units	2,320.6	2,281.9	1.7%
Paperback books			
Dollars	\$2,369.0	\$2,329.9	1.7%
Units	533.2	544.7	(2.1%)
Total			
Dollars	\$6,034.7	\$5,738.9	5.2%
Units	2,853.8	2,826.6	0.1%

Source: Periodicals Institute, Audit Bureau of Circulation and International Periodicals Distributors Association.

Checkstand Survey

TRENDS



Candy is the predominant checkstand item at Rite Aid, which devotes 80 percent to 90 percent of space around checkout to single bars, gum, mints and Slim Jims. The remaining checkstand merchandise includes racked cigarettes and imported items such as toy cars and games.

Who's "very involved" in checkstand decisions

(Percentage who said position is "very involved" in checkout merchandising)

	HQ respondents	Store-level respondents
Vp-merchandising	64%	50%
Buyer (specific product area)	43	8
General merchandise manager	36	3
Vp-purchasing	29	25
Assistant store manager	29	8
Vp-operations	21	17
Store manager	21	50
Vp-marketing	21	33
District/regional manager	21	17
Merchandise manager	21	8
Executive vp	7	8
President	—	25
Other	7	8

Source: 1990 Drug Store News Checkstand Study

Retailers refining checkstand approaches

Potential returns are high as chain drug execs and store managers strive to make customers' last impressions impulsively profitable



By Susan Ball

When retailers consider how to merchandise their checkstands, many elements affect individual approaches. Format, the store's size, the customer base, store-versus-headquarters involvement in checkstand merchandising decisions, and the desired shopping environment all influence decisions on this high-stakes turf.

Not surprisingly, headquarters and store-level respondents to *Drug Store News*' latest Checkstand Merchandising Study unanimously cited impulse purchase potential as very important in choosing products for the checkout area.

Checkstand has become one of the most refined areas of the store, both for its ability to perform and the lasting impression it leaves customers as they exit.

From George Jeffers' point of view at the helm of deep-discount Price Less in California, the checkstand area must be spacious and convenient to ensure "nothing slows down checkout." He deliberately shuns items that require a decision by the customer, because making decisions takes time.

Whether an item will sell on

Most profitable product categories at checkstand area			
	Products regularly available at checkstand	1st most profitable	2nd most profitable
Candy/gum	64%	36%	14%
Batteries	57	36	7
Cigarettes	50	14	7
Lip balm	50	7	7
Film	43	—	7
Magazines	57	—	14
Cig. lighters	36	14	7
Razor blades	29	—	7

Source: 1990 Drug Store News Checkstand Study

impulse is one of Price Less's three criteria for checkout merchandise, along with universal appeal and seasonality. "Impulse means an instantaneous decision; spot it, buy it," said Jeffers, mentioning snacks and confections, such as Caramel Crunch, microwave popcorn, snack crackers and candy, as great impulse items.

He cited batteries as an example of items appealing to everyone, from kindergardeners for toys to octogenarians for hearing aids; clear tape and light bulbs also hold universal appeal. And all three, while popular year-round, are particularly sought at certain times of year. Blank tapes, Jeffers added, are verging on having universal appeal.

Other good checkout items for Price Less are lip balm and all kinds of plastic and cardboard storage and organizing containers.

Among survey respondents, candy (which usually encompasses gum and mints) is still the favorite check-

Checkstand favorites	
(Combined HQ and store-level responses)	
Candy	.62%
Batteries	.39
Gum/mints	.39
Cigarettes	.27
Magazines	.27
Lip balm	.23
Film	.19
Trial sizes	.15
Pocket tissues	.12
Snacks	.8

Source: 1990 Drug Store News Checkstand Study

stand-area item. Sixty-two percent listed candy as one of the three products, if they could choose only three, that they would have at checkstands all year long; 36 percent ranked it high in profitability, tied with batteries.

Rite Aid's Gerry Cardinale, vp-merchandising, said candy, which his department planograms, makes up 80 percent to

90 percent of checkstand items and noted that single bars rather than multipacks are sold at checkout. "The key is impulse, to generate incremental sales, and candy is an impulse, pickup item, along with gum, mints and Slim Jims," he added.

The remaining space is given over to cigarette merchandise racks, imports such as miniature cars and games, and occasionally blank tapes on promotion, as well as seasonal items. Rite Aid keeps film, tobacco, batteries, condoms and razor blades behind checkout, for security reasons.

Two out of three planogram checkouts

Many chains, especially larger ones, keep a tight rein on what is merchandised in the critical checkstand area. Indeed, nearly two-thirds of respondents said they planogram it.

Snyder's Drug, based in Minneapolis, planograms checkstands and about 70 percent of corporate-store end-

caps. The chain prefers to keep the checkout counters clear; if anything is put there—and it would be just one item, determined by the merchandising department—it must be a fast-turn, high-gross product and usually have some seasonality, such as candy or lip balms, said vp-merchandising Phil Perkins.

Checkstand endcaps, also planned at headquarters, generally offer seasonal candy or a high-margin item featured in Snyder's ads, with the power wings devoted to high-velocity magazines such as *TV Guide*, *National Enquirer* and women's magazines such as *Family Circle*.

While Rite Aid merchandises such items as snacks and seasonals in the "surge" area—the expanse between the front checkout and the gondolas—Snyder's generally keeps it wide open, for the same reason it hasn't allowed floorstands storewide for a couple of years: Snyder's research found customers like a clean, uncluttered store and see floorstands as "roadblocks."

Perry Drug doesn't planogram the checkout area, but vp-merchandising Steve Lund said the chain maintains a "real basic program" generally composed of candy, film, magazines and cigarettes. Like Snyder's, Perry allows few items on checkout counters, reasoning that customers need room to put their purchases down. In studying the clutter issue, Perry weighed income generation versus labor savings and found it cost efficient to free

Continued on page 38

TRENDS

Checkstand Survey

Seasonal favorites at checkstand

Winter	Spring	Summer	Fall
Cold remedies Lip balms Christmas items Windshield wiper solvent Moisturizers Diarrheal OTCs TV Guide	Baseball cards Grass seed Lip balms Candy Vitamins Ibuprofen Travel sizes TV Guide	Charcoal Air fresheners Sun care products Bug spray Fishing gear Baseball cards Lip balms TV Guide	Lip balms Cough drops Antifreeze Leaf bags Candy Air fresheners Candy TV Guide Hunting gear Tissues

Source: 1990 Drug Store News Checkstand Study



Continued from page 37
cashiers of impediments to serving customers, Lund said.

Perry locates its candy department directly opposite the main checkout area, because of its exceptional profitability, and displays film, batteries and videotapes behind checkout. Depending on the store's size, a floor display of magazines will be adjacent to checkout endcaps; in larger stores, there might be a film spinner, novelty-ice cream cooler or baked goods rack near checkout for added impulse sales.

New York-based Duane Reade, on the other hand,

'All you have to do is move the stuff out. I'd rather have nothing at checkout than something that doesn't sell.'

"doesn't have the luxury" of having a lot of space for checkstand merchandise, said president Eli Cohen. With stores in the 4,000- to 5,000-square-foot range, "We have to make use of every available space," said Cohen. Thus, size and efficient packaging figure importantly in Duane Reade's checkstand selections, along with impulse sales potential.

The chain opts for quick items, things the customer isn't really looking for, such as pocket tissues, "three-fer" candies, lip balm and cigarettes, and turns are monitored on a weekly basis. Endcaps facing the front display seasonal items, such as suntan lotions or small appliances, Cohen said.

A small chain's priorities can also differ around the checkstand. Gemmel Drug, which operates 14 drug stores and three home health care stores in California, gives its store-level people greater autonomy than would most large

Factors in selecting products for main checkout area

(Combined HQ, store-level responses)

	Very important	Somewhat important
Impulse purchase potential	100%	—
Broad consumer appeal	65	23%
Quick turnover	65	35
Inventory turns	46	35
High gross margin	39	54
Sales per square foot	23	35
Reduced theft risk	15	31
Display allowances	15	54
Items of excellent value	8	39
Items on sale	4	19
Availability of manufacturer-provided displays	4	46

Source: 1990 Drug Store News Checkstand Study

Products respondents added to checkout for the first time this past year

Videotapes
Stickers
Teenage Mutant Ninja Turtle items
Snack cookies
Motor oil
OTCs: Imodium, CoAdvil, Motrin, ointment (eucalyptus)
Wine
Baby applesauce
Batteries
Book rack
Anti-plaque items

Source: 1990 Drug Store News Checkstand Study

chains and sees this as an asset. Moreover, some stores were acquired, so that there's no standard store size as a constant.

Tailoring to market

In addition, Jim Schulz, Gemmel's general merchandise manager, pointed out that the socioeconomic makeup of the neighborhoods Gemmel serves affects how checkouts are merchandised. For example, a store in a less affluent neighborhood may offer candy multipacks (five or 10 for \$1), while units in more upscale areas might feature fragrance specials or the 10 paperback best-sellers at checkout. Always near checkout are film, audiotapes ("a good niche for the smaller re-

tailer," Schulz said) and photofinishing. A few stores are trying magazines, with the publisher supplying racks and retail display allowances (RDAs) for placement near checkout. "With the RDA, that becomes profitable," Schulz commented.

Schulz cited one store manager particularly successful with checkstand merchandise as using a run of merchandise as the divider between two parallel checkout areas. The items, including things like candy, beer and soda, change constantly, Schulz said.

Jeffers of Price Less also allows store managers and their assistants to make checkstand decisions. "If they make mistakes, they're correctable," he observed. "All you have to do is move the stuff out. I'd rather have nothing at checkout than something that doesn't sell."

Survey respondents rated candy/gum, cigarette and magazine racks as very effective display fixtures in the checkout area, with counter-top displays, dump bins and vendor floor displays considered somewhat less effective.

Rite Aid uses wire or plastic checkout racks, slanted for gravity feed, and often sets out imports in their original containers.

Price Less maintains dump bins of lip balm near checkout year round and puts out whole pallets of batteries in a variety of multipacks (Cs, Ds, etc.) Jeffers also praised 3M's floor-stand tape displays.

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FINANCIAL

Former Revco units will boost Perry earnings: Robinson

PONTIAC, Mich. — Perry Drug Stores is looking for a big boost in sales and earnings as it consolidates 40 former Revco drug stores in Michigan and continues its store renovation program.

Perry chairman and ceo Jack Robinson told financial analysts the company was looking for sales of \$720 million to \$730 million next year, following the incorporation of 35 of the Revco units purchased earlier this year and the closing of the remaining five.

Speaking to about 75 analysts, stock brokers and portfolio managers in Detroit in July, Robinson also predicted that Perry's profits would rise more quickly than sales in fiscal 1991. In addition, he said, "we are hopeful that we will be able to reinstate dividends in about a year."

Perry earned \$7.1 million on sales of \$670 million in fiscal 1989, and earnings momentum is still showing evidence of a successful turnaround after two years of losses in fiscal 1987 and 1988. Since the end of its last fiscal year in October, 1989, it has added four new stores and closed or sold 10 drug stores in Wisconsin, Chicago, Michigan and Indiana. In May, the company also sold its A. L. Price deep-discount drug store division to former F&M and Revco D.S. president Bill Edwards.

Perry plans to open another four to six units this year, and accelerate its expansion plans to 20 stores a year. The chain opened its 14th store within the Detroit city limits July 25 to considerable fanfare, bringing total store count to 206 units in Michigan and 23 in the greater Chicago area.

With its improving earnings picture, Perry is attracting more attention from Wall Street. Merrill Lynch analyst Fran Blechman Bernstein in

July raised her investment rating for Perry from "neutral" to "above average."

"The earnings growth outlook for Perry has been accelerated by the recent acquisition of 40 stores from Revco, and by the disposition of its deep discount drug store division and the closing of unprofitable stores," Bernstein wrote in a July 19 report. "Although the turnaround of Perry Drug Stores has taken longer than expected... accelerated growth is now [a] prospect."

Bernstein estimates that Perry's earnings could increase 20 percent or more annually over the next three to five years.

Net, sales up at Imasco

MONTREAL — Improved performance at the Shoppers Drug Mart division helped Imasco increase net earnings and revenues for the second quarter and six months ended June 30.

Imasco's net earnings for the quarter increased 2 percent to \$92.0 million (Canadian), reflecting a contribution from discontinued Peoples operations. Earnings from continuing operations increased \$400,000 to \$89.9 million. Net earnings for the six months increased 10 percent to \$158.6 million; continuing operations earnings for the period climbed 8 percent, to \$155.1 million.

Second-quarter sales were up 16 percent to \$3.8 billion; the six-month sales figure was up 15 percent to \$7.3 billion. Peoples Drug Stores revenues were excluded for both periods in Imasco's report.

At Shoppers Drug Mart, strong sales boosted quarterly earnings 22 percent to \$34.2 million, with six-month figures climbing 25 percent to \$17.4 million.

MARKET DIARY:

Largest Dollar Gainer	Pfizer Inc.	\$ 3.00
Largest Dollar Loser	Eli Lilly Co.	\$ - 9.00
Largest Percentage Gainer	Taro-Vit Industries	66.67%
Largest Percentage Loser	Ketchum	-28.57%

Advances	5
Declines	50
Unchanged	2
New highs	25
New lows	5

	Close 7/10/90	Close 8/7/90	Net Change	Percent Change
Drug Store News Index				
Dow Jones Industrial Average	2890.84	2710.64	-180.20	-6.23
Standard & Poor's 500-Stock Index	356.49	334.83	-21.66	-6.08
N.Y.S.E. Composite	194.76	183.45	-11.31	-5.81
Value Line Index	244.07	221.77	-22.30	-9.14

Source: Nordby International Inc., Boulder, Colo.



DRUG STORE NEWS INDEX

Exch	Company	Ticker Symbol	Closing Price 7/10/90	Closing Price 8/7/90	Net Change In Period	Percent Change In Period	P/E Ratio	Annual Dividend Rate	Yield	Annual High	Annual Low
Chain store transactions											
OTC	Arbor Drugs	ARBR	19.75	18.00	-1.75	-8.86	16	0.16	0.89	23.25	16.25
OTC	Big B	BIGB	10.13	9.63	-0.50	-4.94	39	0.16	1.66	15.25	8.75
OTC	Drug Emporium	DEMP	10.13	8.63	-1.50	-14.81	13	0.10	1.16	14.75	6.25
NYS	Fay's Inc.	FAY	10.00	8.13	-1.88	-18.75	12	0.20	2.46	14.25	7.75
ASE	Genovese Drug	GDX.A	8.13	7.50	-0.63	-7.69	18	0.24	3.20	11.75	7.25
OTC	Leroy Pharmacies (H)	LERY	7.50	7.50	0.00	0.00	-250	0.00	0.00	7.56	2.88
NYS	Longs Drug Stores	LDG	42.75	37.50	-5.25	-12.28	12	1.04	2.77	48.50	36.75
OTC	Medicine Shoppe (H)	MSII	24.13	22.50	-1.63	-6.74	21	0.24	1.07	26.75	17.75
NYS	Perry Drug	PDS	9.13	8.63	-0.50	-5.48	15	0.00	0.00	12.75	7.00
NYS	Rite Aid Corp.	RAD	34.00	31.63	-2.38	-6.99	16	0.88	2.78	41.13	29.50
NYS	Walgreen Co. (H)	WAG	50.38	45.75	-4.63	-9.18	17	0.80	1.75	53.25	39.88
Wholesaler's transactions											
ASE	Bergen Brunswick (H)	BBC	27.63	24.00	-3.63	-13.12	14	0.40	1.67	29.63	20.50
OTC	Bindley Western Ind.	BIND	13.75	11.25	-2.50	-18.18	16	0.04	0.36	14.25	8.25
OTC	Cardinal Distribution (H)	CDIC	27.50	26.75	-0.75	-2.73	20	0.08	0.30	29.75	19.50
OTC	Durr-Fillauer (H)	DUFM	24.75	24.63	-0.13	-0.51	16	0.28	1.14	27.00	18.50
ASE	Ketchum	KCH	2.63	1.88	-0.75	-28.57	1	0.00	0.00	5.25	1.63
NYS	McKesson Corp.	MCK	34.88	32.38	-2.50	-7.17	14	1.60	4.94	39.75	31.75
ASE	Moore Medical	MMD	6.13	5.50	-0.63	-10.20	8	0.00	0.00	15.13	5.25
NYS	Owens & Minor (H)	OMI	13.88	12.63	-1.25	-9.01	21	0.24	1.90	14.63	10.63
Manufacturer's transactions											
NYS	Abbott Labs (H)	ABT	42.75	39.75	-3.00	-7.02	19	0.84	2.11	45.63	30.38
NYS	American Home Products (L)	AHP	52.00	45.50	-6.50	-12.50	12	2.12	4.66	55.13	45.50
NYS	Baxter International (H)	BAX	24.75	24.25	-0.50	-2.02	59	0.64	2.64	27.50	20.50
OTC	Block Drugs Co. (L)	BLOCA	34.75	32.75	-2.00	-5.76	12	0.68	2.08	38.00	32.50
ASE	Bolar Pharmaceutical	BLR	6.00	4.63	-1.38	-22.92	13	0.04	0.86	26.88	3.50
NYS	Bristol-Myers Squibb (H)	BMV	63.13	60.13	-3.00	-4.75	36	2.12	3.53	65.88	47.63
NYS	Carter-Wallace	CAR	56.25	50.13	-6.13	-10.89	15	0.92	1.84	60.50	47.50
ASE	Columbia Labs	COB	9.88	9.00	-0.88	-8.86	9	0.00	0.00	19.63	7.38
ASE	Forest Labs (H)	FRX	46.75	41.00	-5.75	-12.30	26	0.00	0.00	48.38	33.63
ASE	Halsey Drug (H)	HOG	2.50	3.31	0.81	32.52	55	0.00	0.00	6.94	3.31
NYS	ICN Pharmaceutical	ICN	3.50	3.00	-0.50	-14.29	0	0.00	0.00	6.50	2.50
ASE	Lee Pharmaceutical	LPH	2.25	1.88	-0.38	-16.67	7	0.00	0.00	3.50	1.50
ASE	P. Leiner Nutrition (L)	PLI	10.50	8.25	-2.25	-21.43	10	0.00	0.00	14.00	8.25
NYS	Eli Lilly Co. (H)	LLY	84.75	75.75	-9.00	-10.62	21	1.64	2.17	90.38	58.25
NYS	Marion Labs	MKC	26.88	27.00	0.13	0.47	87	0.60	2.22	36.63	21.00
NYS	Merck Co. (H)	MRK	86.38	83.00	-3.38	-3.91	20	2.24	2.70	91.13	67.00
NYS	Mylan Labs	MYL	22.63	17.88	-4.75	-20.99	22	0.20	1.12	25.38	9.63
NYS	Par Pharmaceutical	PRX	7.88	6.63	-1.25	-15.87	10	0.00	0.00	8.25	3.88
NYS	Pfizer Inc. (H)	PFE	67.75	70.75	3.00	4.43	17	2.40	3.39	76.25	54.50
NYS	Rorer Group (H)	ROR	73.75	75.75	2.00	2.71	36	0.84	1.11	78.25	39.75
NYS	Schering Plough (H)	SGP	48.13	45.25	-2.88	-5.97	20	1.12	2.48	50.75	35.63
NYS	Syntex Corp. (H)	SYN	59.63	56.25	-3.38	-5.66	20	1.60	2.84	63.75	40.00
OTC	Taro-Vit Industries	TAROF	1.13	1.88	0.75	66.67	27	0.00	0.00	1.88	0.88
NYS	Upjohn Co. (H)	UPJ	42.25	38.25	-4.00	-9.47	21	1.00	2.61	44.63	32.88
NYS	Warner-Lambert (H)	WLA	65.13	64.00	-1.13	-1.73	19	1.52	2.38	70.13	49.63
OTC	Zenith Labs	ZENL	7.00	7.00	0.00	0.00	0	0.00	0.00	14.00	3.50
Other retailer transactions											
NYS	Albertson's (H)	ABS	35.50	31.63	-3.88	-10.92	21	0.48	1.52	37.63	24.38
NYS	American Stores	ASC	66.25	58.38	-7.88	-11.89	16	1.12	1.92	71.88	51.38
NYS	Giant Food	GFS.A	28.75	25.50	-3.25	-11.30	14	0.60	2.35	36.25	24.13
NYS	Great Atlantic&Pacific Tea	GAP	56.75	53.50	-3.25	-5.73	0	0.00	0.00	65.38	48.25
NYS	K mart (L)	KM	35.00	30.63	-4.38	-12.50	19	1.72	5.62	44.88	30.50
NYS	Kroger	KR	15.75	14.50	-1.25	-7.94	76	0.00	0.00	19.75	11.75
NYS	Melville Corp. (H)	MES	53.88	46.63	-7.25	-13.46	13	1.40	3.00	57.75	41.13
OTC	Fred Meyer	MEYR	17.50	14.25	-3.25	-18.57	55	0.00	0.00	22.00	13.00
NYS	Penney, JC (L)	JCP	60.50	52.88	-7.63	-12.60	8	2.64	4.99	75.63	52.88
NYS	Safeway (H)	SWY	16.13	13.88	-2.25	-13.95	50	0.00	0.00	16.88	11.63
NYS	Smith's Food & Drug (H)	SFD	33.00	31.88	-1.13	-3.41	26	0.28	0.88	34.50	20.88
NYS	Wal-Mart (H)	WMT	33.38	28.63	-4.75	-14.23	28	0.12	0.42	36.75	18.50

Key: (H) = New high in period. (L) = New low in period. (d) = Deficit. NYS = New York. ASE = American. OTC = Over the counter. (s) = Reflects stock split.
Source: Nordby International, Inc., Boulder, Colorado

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LATE NEWS

• DEERFIELD, Ill. — Walgreen Co. has signed a pact to acquire Lee Drug, a nine-store chain centered in Nashua, N.H., and operating in New Hampshire and Massachusetts. Terms weren't disclosed. Lease locations average 9,000 square feet, and all have been opened seven years or less.

• NEW YORK — S. E. Nichols, which filed for Chapter 11 protection last month, has put about 20 of its surplus owned or leased real estate properties up for auction. Keen Realty Consultants of Great Neck, N.Y., is handling the sale. James E. Herlihy, senior vp-finance, said Nichols will continue to operate the 19 Pharmhouse deep-discount drug stores it converted from discount department stores.

FEATURES

Buyers seek sizzle in skin, sun, hair care

The latest packaging and line extensions will be on display at the Exclusively HBA trade show. Our category overviews start on page 79.

Management solidifies:

Thrifty Drug toughens its act

By Elizabeth Richardson

LOS ANGELES — The management restructure continues at Thrifty Corp., where changes at its drug store level will be tied to more critical looks at the chain's long-term strategies and more aggressive marketing efforts.

See related articles on page 101

The company's long-term strategy plan will be spearheaded by senior vp Kenneth Crosby, former senior vp-buying, who will work with a consulting firm to determine the correct direction for Thrifty's growth.

"They will look at the overall vision of the company, and distinguish our market niche in both areas [drug store and sporting goods]," Chris Bement, senior vp-industrial relations told *Drug Store News*. President and chief operations officer Dan Seigel and Bement will also have voice in the process, along with newly named senior vps

'We've never had a marketing department as such—different departments did a little bit of everything to contribute.'

— Chris Bement, sr. vp

Robert LaFerriere and John Greer.

The company will also establish a marketing department under the direction of John Onestinghel, executive vp and general manager of Thrifty Drug Stores. A search is currently under way for an executive, who would report to Onestinghel, to head the marketing department, which will receive more priority at the company, Bement said.

"We've never had a marketing department as such—different departments did a little bit of everything to contribute," he

said. The department will work in conjunction with decisions made about market niche and overall strategy to help Thrifty project the best image possible, Bement added.

The company has yet to name a replacement for Herbert Zarrow, former vp-pharmacy, who resigned in August. Thrifty's pharmacy thrust will focus on improving margins, Bement said. While the overall strategy of the pharmacy division will not change, he stated that the company will be taking a closer look at the third party problem, and is looking for a replacement who has a strong sense of the issues involved.

Other management changes include the promotion of Richard Hammill as director of advertising and Donald Wiswell, Willard Kotler and John Dempsey as regional pharmacy administrators. New assistant vps are James Toney, Robert Barry and David Chaney.

Top spot at Hook Drug to Mesalam

INDIANAPOLIS — Russell Mesalam, as expected, was promoted to president of Hook-SupRx, Inc.'s Hook Drug division, HSI chairman Philip Beekman announced.

Mesalam had stepped into the role of acting president this summer after the sudden death in April of former president Thomas Cunningham. Although Mesalam hadn't formally been named acting president, sources said that he was



Russell Mesalam
"performing admirably"

performing admirably in leading the 368-store division's budget-making and planning
See Mesalam, page 101

Chains testing 'micro' photo lab

By David Vaczek

SANTA MONICA, Calif. — A minilab less than half the size of the smallest previous models is bidding to rekindle drug chains' interest in one-hour photo processing.

The machine—which at 5.4 square feet can sit on a table—is sold by Print Technology in its PHOTOGO franchise program. PHOTOGO was launched this year with the aggressive goal of 5,000 retail installations by year's end.

F&M, Perry, Walgreens, Drug Emporium, Revco, Pay Less NW and Publix, the Florida supermarket chain, have all started
See Minilab, page 101

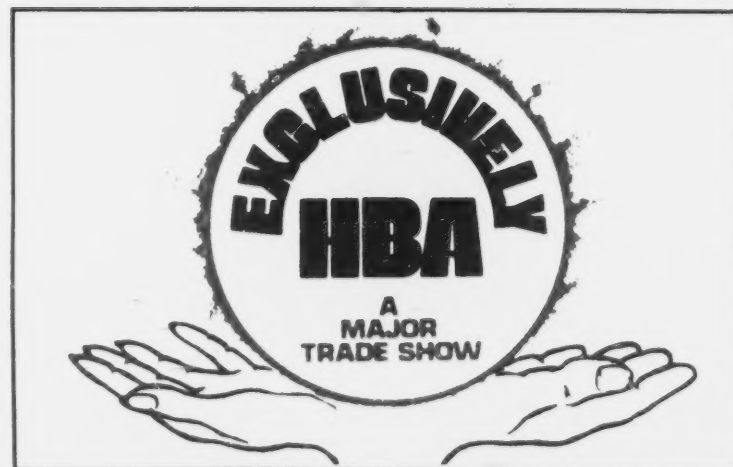
**SPECIAL
MERCHANDISING
REPORT**

First Exclusively HBA show revs at Cobo in Motor City

DETROIT — At press time, more than 250 exhibitors and 700 buyers and chain executives were assembling at this month's Exclusively HBA trade show at the Cobo Convention Center here.

Attendees have been lured to the show, the first devoted exclusively to the health and beauty aids industry, by the chance to see a broad cross-section of new items, while exploring sales trends that cut across multiple trade classes, particularly drug, mass merchandise and food stores.

Dennis Wozniak, vp-purchasing for Arbor Drug, says



the show is important because it's new and deals with H&BAs, "a very significant part of our business. It gives us a chance to talk with vendors we don't always see, to

learn about new items earlier than we might otherwise, and discuss ways we can tie our 1991 promotional programs in with various vendors."

The Exclusively HBA trade show's logo. Attendees will see a broad cross-section of items, while exploring sales trends that cut across trade classes, in show's debut.

The show's producer is Exclusively HBA Inc., a Chicago-based company formed by Turnbull Enterprises, a corporate meeting and planning organization.

Jay Spaulding, one of the co-founders of Exclusively HBA, says that the show is designed to give today's "new generation" of retailers and suppliers "more efficient and direct ways to do business with one another."

Spaulding points out that until now there has not been a show where "hundreds of HBA suppliers can assemble, as a total industry in one place, to present their products, promotional resources, future plans, and their top management to all of their trade customer markets. The Exclusively HBA show fills that void."

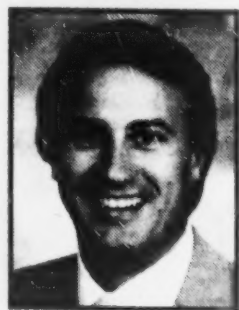
NEWS IN BRIEF

Brock lands Drug Emporium gm post

WORTHINGTON, Ohio — Bill Brock, most recently with the SuperRx division of Hook-SuperRx, Inc., has been named director of general merchandise at Drug Emporium.

Brock is responsible for merchandising all departments except H&BAs, and reports to Rich Landers, vp-merchandising and marketing.

Brock had been sundries merchandiser at 350-store SuperRx. He began his career in 1967 with Osco Drugs, where he rose through the ranks to become a district manager.



Revco gets further extensions

TWINSBURG, Ohio — U. S. Bankruptcy Court in Akron, Ohio has again extended the deadlines under which Revco D.S. has exclusive rights to file and obtain approval for a plan of reorganization. The court gave Revco until Oct. 26 to file such a plan, and until Jan. 24, 1991 to gain acceptance for the plan from its creditors.

In other news, Revco has signed Olympic gold medal gymnast Mary Lou Retton to an exclusive contract as corporate spokesperson. Retton, who parlayed her 1984 Olympic triumph into a series of lucrative endorsement packages in the mid-1980s, will appear in print and television advertising and make promotional appearances on behalf of Revco.

Retton is not new to the company. In the spring, she made appearances at Revco Health and Beauty Expos in Cleveland and Charlotte, N.C., and will be featured at future expos.

Growth spurs Reliable to move HQ

INDIANAPOLIS — Reliable Drug Stores, Inc.'s recent acquisition of over 200 former Revco units has led it to move to a more spacious corporate office here, the company announced.

The 25,000-square-foot facility is located at 10401 N. Meridian St., Suite 400, Indianapolis, Ind. 46290; (317) 580-0800 is the telephone number.

"The new office facility will house 150 employees, and offers additional space for growth," said Tony Montini, senior vp-purchasing and merchandising.

McKesson service idea winners to sail

SAN FRANCISCO — Two of McKesson's Valu-Rite pharmacies have won a Caribbean cruise for two of their customer service ideas.

Winners of Valu-Rite's "Best Customer Service Idea" contest are Paige Clark of Parsons Canby Pharmacy, Canby, Ore., and Stephen Morton of Morton Drug Co., Neenah, Wis.

Clark developed several customer education programs, such as for expectant mothers and diabetics, and also created a poison-prevention show for local grade schools.

Morton holds an annual senior citizens night the first Saturday in December and provides seniors with refreshments, door prizes, a place to socialize and extra discounts on store merchandise.

Shealy, new Eckerd vp, is loss prevention maven

By David Vaczek

CLEARWATER, Fla. — Eckerd Drug has named Lewis Shealy, former loss prevention chief at the Marshall Field company, as vp-loss prevention. Shealy is reputed in the security industry for his aggressive programs at the Chicago-based department store chain.

Shealy is likely to develop at Eckerd a more centralized security department, which would play down the regional security managers' accountability to regional operating vps, security industry sources predicted. "My guess is, he'll want the [regional] people reporting to him," said one.

Security directors sometimes have dotted line responsibility for setting policies and standards for security managers to follow in the field. On a day-to-day basis, though, they report to the regional vice presidents, several loss prevention officers said. Eckerd declined to specify its plans for the department.

Shealy will join Mickey Carter, who has built a strong loss prevention program at Eckerd over the past five years. Carter will be director of technical operations.

"It's going to be an awesome

combination," said one security industry source.

Shealy named Operation Alert as an initial project in a prepared statement. It is a pilot program to promote education and awareness of store associates, plus merchandising, operations and audit staff, involving 200 "opportunity stores."

Go out and catch 'em

Shealy was described at Marshall Field as a "go-out-and-catch-'em type of guy." He emphasized internal theft prevention, and used closed circuit television systems and radio-guided store patrols, said one security professional.

A recent "20/20" television program showed Marshall Field's "Trojan Horse," wherein a security officer is concealed in a one-way-mirrored column through which he can observe shoppers. The column can be moved to critical store areas.

While some techniques used in the department stores might not be suitable for the drug store environment, others would be.

One Eckerd program it seems likely Shealy will retain is civil recovery. Carter has built an in-house program operating in five states, that has re-

portedly been successful. In states with civil recovery laws, the retailer can often bypass the court system and send letters asking for restitution from persons caught shoplifting.

Marshall Field has historically enjoyed a 90 percent recovery rate on letters sent to offenders in its civil recovery program, Shealy was quoted as saying in a security industry newsletter in 1988.

Carter, an Eckerd pharmacist, was enlisted to build the loss prevention program after Eckerd did its leveraged buyout. Security professionals praise his efforts, which besides civil recovery, have included an emphasis on electronic article surveillance.

"Mickey has been sharp and innovative, though he's had no specific background in security. He's probably learned more in two years than a lot of people learn in 20," said one.

One area in which Eckerd has looked for experience and in which Shealy will contribute is in distribution center security, which requires a different approach from the stores, one source said.

Kerry Carney, director of analysis and control, remains as another member of the loss prevention department.

American fined in advertising suit

LOS ANGELES — American Drug Stores has agreed to pay \$110,000 in penalties and costs to settle false advertising claims, filed by the Los Angeles County district attorney's office, against its Sav-on Drug Stores division. The agreement puts to rest a lawsuit alleging that the chain failed to charge customers the advertised price on sale items.

Deputy district attorney Richard Healy of the Office's Consumer Protection Division said American had also agreed to a five-year injunction against false advertising, any violation of which could incur huge penalties. Healy called American "helpful and cooperative" in its

response to the suit.

The case stemmed from an investigation that began July 1989, when county agents visited 14 Sav-on stores in the Los Angeles area and bought sale items at random. In 13 of the 14 stores, they were charged a higher-than-advertised price on one or more items.

In agreeing to settle the case, American denied any deliberate attempt to misprice the items and blamed employee error and "lack of communication" for the problem. Sav-on is currently installing computerized checkstand terminals, which should help eliminate pricing errors by checkers.

Sav-on operates in one of the

nation's toughest regulatory environments, in terms of consumer interests. In the past three years, both K mart and Thrifty Corp. have also paid hefty penalties in southern California and Los Angeles County to settle claims of overcharging for advertised items.

HSI sales, net up for 3rd quarter

CINCINNATI — Although growing third-party sales eroded pharmacy margins, Hook-SuperRx Inc. gained positive cash flow and net income for the third quarter and nine months ended May 31, it reported to the Securities and Exchange Commission.

With 1,078 drug stores, up from 1,046 stores a year earlier, pharmacy sales for the nine months accounted for 42.8 percent of total sales, up from 41.3 percent the year before.

HSI posted sales of \$467.6 million in the third quarter, up 8.9 percent; nine-month sales were \$1.39 billion, up 7.5 percent from the comparable period a year ago.

Cash from operations for the nine months was \$22.3 million, down from \$25.7 million last year. Net income for nine months rose to \$2.76 million from \$1.57 million a year ago.

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Brooks' Jennings named to DrSN board

NEW YORK — John Jennings, vice president-marketing at Brooks Drug, Inc., has been appointed to *Drug Store News'* Board of Advisors.

Originally a controller at CVS, Jennings joined Conair as vp-operations in 1985, a move he has described as "a logical rounding out of my consumer goods experience." He then joined Brooks in May 1986 and immediately helped

sharpen the marketing focus of what had been the old Adams Drug chain.

Known in the industry for his friendly, engaging way with people, Jennings brought to Brooks a merchant's sense of customer relations; his efforts there are largely credited for the chain's successful repositioning as a strong, customer-friendly operation.

As a member of the *Drug Store News* Board of Advisors, Jennings will help guide the newspaper's editorial staff on thorough coverage and analysis of industry news.



Jennings

OPINION

SDM steps up its promotional pace

For the participants the weather couldn't have been better: overcast and chilly, with a threat of rain in the air. For the spectators, it was something else, but nobody seemed to mind, not the thousands who lined the streets nor the enthusiastic crowd in Varsity Stadium.

The event: the 12th running of the Toronto Marathon, this year renamed the Shoppers Drug Mart Toronto Marathon. A year ago, Canada's leading drug chain took on the challenge of breathing new life into the race. Under its previous sponsor, Wang Computers, the marathon had developed a serious stitch in the side and, in fact, was cancelled in 1989.

With his highly sensitive promotional antenna, David Bloom, SDM's chairman and ceo, offered to take on the race. It seemed like an ideal tie-in to the health and fitness image Shoppers strives to maintain. Indeed, SDM stores sponsor some 1,500 youth teams across the country in sports as diverse as baseball and hockey, soccer and ringette (a hockey-like game for girls).

The team sponsorships represent one side of what Shoppers Drug Mart is about: a decentralized chain of stores with strong roots in their communities. The Toronto Marathon represents the other side: A highly disciplined, promotional powerhouse with electricity radiating coast to coast from its source in Toronto. SDM name recognition in Canada rivals that of even the best known U.S. drug chains in their own country. Sponsoring the Marathon in Canada's leading city (and committing \$450,000 of the \$800,000 the event cost) is an investment in keeping SDM a household name.

Shoppers' stamp on the event showed in other ways. A big chunk of the money raised went to Toronto's world-famous Sick Children's Hospital. SDM happens to be one of the foremost proponents of the idea that being a "good corporate citizen" is good business. Murray Koffler, the chain's founder, brought the concept of reinvesting in the community to a high art, and David Bloom and his team remain strongly committed.



IN THE MARKET
BRUCE BUCKLEY



President Herb Binder and ceo David Bloom cheer runners.

Like the sports teams sponsored by individual stores across the country, this giving back to the community mainly takes place at local level. One store, for example, helped to raise money for a specialized piece of fire protection equipment in the wake of a child's tragic death in a blaze.

This year's marathon had some bugs. Newspapers the next day criticized television coverage, which failed to keep up with the progress of the race. But considering that this was essentially an inaugural event, the marathon came off remarkably well. About 4,000 athletes from around the world competed in events ranging from the marathon itself, to a 10K race, to a corporate team relay race sponsored by Kodak Copier. Millions watched the race on television.

Next year's race should be even better, as SDM builds on this year's experience. Shoppers has committed itself to a five-year sponsorship, and given the energy level of its corporate team, the marathon should become, by the time of the 1996 Olympics in Toronto, one of the world's premier races.

The winners of this year's events? All Canadians. The top man and woman marathoners both broke records for the Toronto race. The other big winner of course was Shoppers Drug Mart itself.

Sometimes it pays to shut your mouth

Service never goes out of style. But in delivering service, even well-meaning pharmacists, store managers and clerks can run afoul of proper etiquette when curiosity drives them beyond politeness.

Consider the nun from the next town who came to a drug store for her birth control pills. The pharmacist unknowingly asked if she was taking them back to the Catholic school a few miles away, for which he had never before filled a script. She said "no, they are for me."

He then *had* to ask, under the pretense of counseling, "are you taking them to keep you regular?" She said "yes," paid for her pills and left.

At another drug store some time ago, condoms and cigarettes were behind the counter and had to be requested by consumers. A man discreetly asked for a certain brand of condom, and the teen-

age female clerk didn't recognize the name.

To the amusement of other clerks within earshot, she grabbed a book of matches and eyeballed the cartoon display. After searching half a minute, she yelled out to her co-workers: "Trojans. Are they filter tip or regular?"

The customer mumbled something unintelligible and left the store.

Then there was the 30-year-old man who bought

Fleet Enemas six at a time during his weekly visits to the drug store.

After noticing this pattern for at least a month, the pharmacist piped up when the customer plunked his six on the counter. "Are these for you," he asked, "because if you have a problem, this frequency isn't recommended."

The man explained he was administering these to his dog, who did indeed have a problem.

Another pharmacist met up with another dog lover, when he refused to fill the birth control prescription for a woman who had already gone through the six refills allowed by the doctor.

The woman, who appeared past the age of use, had to endure the pharmacist telling her she had to speak to the doctor before he could dispense any more medication.

"I can't," she replied. "He's a veterinarian. I'm giving these to my dog."

Kudos to the store manager who handled this situation:

On Halloween night, a customer in a Donald Duck costume hopped into the drug store to buy Chap-Stick. He had inadvertently left his wallet in his car and had no money to pay.

"That's OK," said the store manager. "I'll put it on your bill."

The six-foot-tall duck happened to be a local police officer and a regular shopper in the store.



THE HUMAN SIDE
AL HELLER

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SPECIAL SAMI REPORT

Package size trends impact H&BA display planning



PRODUCT
TRACKING
ALAN MILLER

Package size is an important line extension variable in planning shelf displays, and failure to include items which are in high demand or are increasing in their share of the product mix can result in lost sales. In some of the 14 categories we measured, a high proportion of retail sales volume is concentrated in just one or two sizes; in others, many different size alternatives must be considered when deciding on an optimum product mix.

In the hair spray category, for example, there are only three broad size groups, and more than half of the category volume is contributed by items in the size range of 7.1 ounces to 10.0 ounces. Among shampoos, on the other hand, there are 10 different ranges of product size, although nearly half of the sales are in packages ranging in content from 14.0 ounces to 16.9 ounces. This size group is also exhibiting important growth, and dollar sales during the year ended June 15, 1990 were 15.6 percent higher than during the corresponding year ago period. The high volume hair spray size group has shrunk 4.9 percent over the year, and the second most popular size group, 7 ounces and under, has gained in share from 37.8 percent to 40.6 percent, representing a volume increase of 4.9 percent.

Trial sizes had important dollar gains among both shampoos and hair conditioning rinses, with increases measuring 29.4 percent and 74.8 percent respectively. However, their share was only 1.7 percent among shampoos and 0.4 percent in the case of hair conditioning rinses. Of the three size groups in the hair spray category, the only gain was for items 7 ounces and under, where an increase of 4.9 percent was recorded and the share of category volume rose from 37.8 percent a year ago to the current level of 40.6 percent.

Drug store sales of mouthwashes fell 3.0 percent and there were both volume and share losses in the two most important size groups: 15.1 ounces to 21.0 ounces, where the share declined from 23.1 percent to 20.2 percent and dollar volume fell 15.5 percent. Among those packages ranging from 4.1 ounces to 9.0 ounces, there was a dollar vol-

Importance of package size for hair conditioning rinses in drug stores

(52 weeks ended June 15, 1990 vs. year ago)

Size	Year ago share	Current share	Share point change	Dollar % change vs. year ago
14.0 - 16.9 oz.	37.6%	42.3%	+04.7%	+20.8%
4.0 oz. & under	21.8	21.3	-00.5	+04.6
6.1 - 9.9 oz.	22.7	18.3	-04.4	-13.0
10.0 - 12.0 oz.	10.0	10.4	+00.4	+11.1
4.1 - 6.0 oz.	4.0	4.1	+00.1	+09.6
28.0 oz. & over	1.2	1.4	+00.2	+18.8
Asst. displays	0.8	0.6	-00.2	-14.6
17.0 - 19.9 oz.	0.7	0.6	-00.1	-12.4
20.0 - 27.9 oz.	0.7	0.5	-00.2	-23.0
Trial size	0.3	0.4	+00.1	+74.8

Source: Arbitron/SAMI

Importance of package size for internal analgesics in drug stores

(52 weeks ended June 15, 1990 vs. year ago)

Size	Year ago share	Current share	Share point change	Dollar % change vs. year ago
100 count	30.1%	29.1%	-01.0%	-05.1%
16 - 36 count	22.1	22.1	00.0	-02.2
50 - 99 count	22.2	22.0	-00.2	-03.0
200 - 299 count	7.3	7.9	+00.6	+06.1
Liquid	6.8	6.8	00.0	-01.4
101 - 199 count	5.3	5.7	+00.4	+04.8
0 - 12 count	2.1	2.3	+00.2	+08.1
37 - 49 count	2.1	2.2	+00.1	+01.3
376 count & over	0.9	1.0	+00.1	+08.2
300 - 375 count	1.0	0.8	-00.2	-19.5

Source: Arbitron/SAMI

Importance of package size for hand & body creams/lotions in drug stores

(52 weeks ended June 15, 1990 vs. year ago)

Size	Year ago share	Current share	Share point change	Dollar % change vs. year ago
10.0 - 14.9 oz.	21.3%	23.5%	+02.2%	+11.3%
6.1 - 9.9 oz.	23.5	23.4	-00.1	+00.5
15.0 - 23.9 oz.	23.6	23.2	-00.4	-00.9
2.1 - 6.0 oz.	22.8	22.7	-00.1	+00.5
2.0 oz. & less	7.9	6.8	-01.1	-13.5
24.0 oz. & over	1.0	0.5	-00.5	-46.5

Source: Arbitron/SAMI

ume decline of 7.7 percent and the share moved downward nearly a point, from 19.8 percent to 18.9 percent. The mouthwash size group with the best performance was 32.1 ounces and over, where dollar volume rose 36.6 percent and the share advanced from 5.5 percent to 7.8 percent between years.

There are 10 size groups of internal analgesics and 73.2 percent of category volume is contributed by the three most important size groups: 100 count, 16-36 count and 50-99 count. The groups with the highest gain rates were at opposite ends of the size spectrum, those under 12 count

(+8.1 percent) and those 376 count and over (+8.2 percent).

All four size groups of aerosol shaving creams had reduced volume between 52-week periods. The highest loss rates were from the least important size groups: 0.1 ounces - 4.9 ounces (-30.6 percent) and 13.6 ounces and over (-99.3 percent).

Finally, in the hand and body cream and lotion category, total sales increased 0.9 percent and this gain came as a result of an 11.3-percent increase in the size group, 10.0 ounces - 14.9 ounces, which accounts for 23.5 percent of category sales in drug stores. In

Importance of package size for shampoo in drug stores

(52 weeks ended June 15, 1990 vs. year ago)

Size	Year ago share	Current share	Share point change	Dollar % change vs. year ago
14.0 - 16.9 oz.	41.8%	46.5%	+04.7%	+15.6%
6.1 - 9.9 oz.	23.8	20.9	-02.9	-08.6
10.0 - 12.0 oz.	13.3	14.2	+00.9	+11.0
4.0 oz. & under	7.7	6.6	-01.1	-10.5
4.1 - 6.0 oz.	6.6	5.8	-00.8	-08.5
28.0 oz. & over	1.8	2.0	+00.2	+15.4
Trial size	1.3	1.7	+00.4	+29.4
17.0 - 19.9 oz.	3.1	1.5	-01.6	-49.5
20.0 - 27.9 oz.	0.5	0.7	+00.2	+44.1
12.1 - 13.9 oz.	---	0.1	+00.1	++++

Source: Arbitron/SAMI

Importance of package size for toothpaste and powder in drug stores

(52 weeks ended June 15, 1990 vs. year ago)

Size	Year ago share	Current share	Share point change	Dollar % change vs. year ago
5.1 - 7.0 oz.	35.4%	37.1%	+01.7%	+07.0%
3.4 - 5.0 oz.	33.6	33.0	-00.6	+00.1
2.3 - 3.3 oz.	13.3	13.0	-00.3	00.0
7.1 oz. & over	11.9	11.1	-00.8	-05.1
1.1 - 1.8 oz.	3.4	2.8	-00.6	-15.4
1.0 oz. & under	1.0	1.8	+00.8	+87.2
1.9 - 2.2 oz.	1.3	1.2	-00.1	-11.6
Asst'd. displays	---	0.1	+00.1	+238.4

Source: Arbitron/SAMI

Importance of package size for mouthwash in drug stores

(52 weeks ended June 15, 1990 vs. year ago)

Size	Year ago share	Current share	Share point change	Dollar % change vs. year ago
15.1 - 21.0 oz.	23.1%	20.2%	-02.9%	-15.5%
4.1 - 9.0 oz.	19.8	18.9	-00.9	-07.7
24.1 - 32.0 oz.	18.2	18.5	+00.3	-00.9
21.1 - 24.0 oz.	15.1	16.5	+01.4	+05.8
9.1 - 15.0 oz.	10.8	10.9	+00.1	-02.2
32.1 oz. & over	5.5	7.8	+02.3	+36.6
3.0 - 4.0 oz.	4.0	3.6	-00.4	-11.0
0.1 - 2.9 oz.	3.4	3.6	+00.2	+02.4

Source: Arbitron/SAMI

Importance of package size for hair spray in drug stores

(52 weeks ended June 15, 1990 vs. year ago)

Size	Year ago share	Current share	Share point change	Dollar % change vs. year ago
7.1 - 10.0 oz.	51.6%	50.2%	-01.4%	-04.9%
7 oz. & under	37.8	40.6	+02.8	+04.9
10.1 oz. & over	10.6	9.3	-01.3	-14.7

Source: Arbitron/SAMI

this category, three of the six size groups are nearly equal in importance. The other two with shares of just over 23 percent were those 6.1 ounces to

9.9 ounces, and those 15.0 ounces to 23.9 ounces. A dollar sales loss of 13.5 percent was recorded in the 2.0 ounces and less group.

BEAUTY TRENDS

Drug chains profit from skin care excitement

Skin care sales have been very good for most chain drug stores this year, and most buyers see this category—as well as the related segments of sun and bath—as offering above-average growth opportunities in the year to come.

"We're expecting increases of 25 percent to 30 percent," said one person in charge of toiletries for a major drug chain, "and that will be primarily due to Plenitude and Olay, and everything they've got going."

Although space is tight for this chain—as it is with most traditional drug chains—their management wants to expand skin and bath because the categories' growth potential.

Right now the chain is testing a separate skin care set in select stores and is trying to find a way to bring bath, face, and hand and body together in one organized set.

The chain feels that at least 30 feet is required to do justice to the set as well as to make a dramatic presentation. The preferred location for the department is in cosmetics.

The chain hopes it will have enough information from its current test to expand skin care in its 1991 planogram.

The skin care center now being tested has light boxes and glass shelves. The effect, said our source, is so unusually glamorous for a chain drug store that there is some fear it might intimidate certain customers.

This chain is also trying to organize the skin care categories more by type of product to make it easier for customers to shop for skin care and bath items.

Although this chain wants their skin care department to have an upscale look, they want to achieve this in a compact, space-efficient manner, with a concept that gets as much product on display as possible.

For this reason, this source particularly appreciates the new Olay fixtures from P&G. Shaped like kiosks, she says they hold a lot of product and they look good.



As sales skyrocket in skin care (up more than 20 percent at some chains), many operators are aggressively advertising the category. Walgreens uses shelf talkers to create a positive low everyday price image.

Trends in skin care product category sales

(Total sales, in millions of dollars, and percentage change*)

	1988**		1989**		1990***	
	Sales	% change	Sales	% change	Sales	% change
Bath products	\$ 177.3	13.2%	\$ 177.7	0.3%	\$ 63.7	3.7%
Depilatories	42.6	6.6	41.1	(3.4)	70.7	0.3
Face lotions/creams	426.6	15.2	491.1	15.1	184.9	14.2
Hand/body lotions	437.3	12.1	474.4	8.5	179.9	6.3
Chapped lip preps	57.6	3.0	56.3	(2.4)	21.0	1.2
Sun tan lotion/oils	284.9	20.3	305.4	7.2	68.3	4.2
Baby lotions	29.6	12.4	29.1	(1.8)	9.5	(3.3)
Baby oils	62.7	13.4	57.2	(8.8)	18.4	(3.3)
Total skin care	1,518.7	14.0	1,632.4	7.5	556.5	7.3

*All drug and food outlets. Mass merchandise store estimates are not available.

**For the full year ending in December

*** For the four-month period ended April 1990.

Source: Nielsen Marketing Research

Skin care market share trends*

(Dollar sales, food vs. drug stores)

	1988**		1989**		1990***	
	Food	Drug	Food	Drug	Food	Drug
Bath products	39.7%	60.3%	37.7%	62.3%	36.7%	63.3%
Depilatories	30.3	69.7	29.9	70.1	27.5	72.5
Facial lotions/creams	29.5	70.5	29.8	70.2	29.0	71.0
Hand/body lotions	45.7	54.3	46.0	54.0	46.7	53.3
Chapped lip preps	46.5	53.5	45.8	54.2	48.2	51.8
Sun tan lotion/oils	32.8	67.2	34.0	65.2	30.8	69.2
Baby lotions	59.1	40.9	58.2	41.8	58.0	42.0
Baby oils	58.9	41.1	58.5	41.5	58.7	41.3
Total skin care	38.4	61.6	38.4	61.6	38.0	62.0

*All drug and food outlets. Mass merchandise store estimates are not available.

**For the full year ending in December

***For the four-month period ended April 1990.

Source: Nielsen Marketing Research

Arbor reaps benefits from expanded space

At Arbor Drug in Detroit, the growth in skin care is "paralleling" the chain's overall sales growth, which this year is in double-digits, according to vp-purchasing Dennis Wozniak.

Arbor expanded space for skin by two or three feet last year when L'Oréal launched Plenitude, and depending on space, skin care now gets between 16 and 24 feet in an average store.

The planogram also includes space for the bath category, including cosmetic lines like Jean Naté and Vitabath, as well as toiletry lines like VIC and Jergens, bubble baths, and an assortment of year-round sun care items.

Arbor reviews each department at least quarterly to de-

cide if a category is worth expanding or needs to be cut back.

Douglas Drug deals with space crunch

Douglas Drug in Rhode Island merchandises all skin care, off-season sun and bath care products together in one 28-foot set. Buyer Steve Dubin says he would like to give the category more space because it deserves it, but at this point there's no room to expand. And because there is no room to cross-merchandise, Dubin isn't planning to develop a skin care center.

He just revised his planogram to work Plenitude into the set, and he's also brought in Olay's new cleansers.

Dubin says he would like to see more vendors develop dis-

Continued on page 80

Total skin care sales, by class of trade, with share of sales and percentage change

(Dollar figures in millions*)

	Food	Drug
1988**	\$583.8	\$934.9
% change	12.6%	14.9%
Share of sales	38.4%	61.6%
1989**	\$626.5	\$1,005.9
% change	7.3%	7.6%
Share of sales	38.4%	61.6%
1990***	\$211.3	\$345.2
% change	6.3%	8.0%
Share of sales	38.0%	62.0%

*All drug and food outlets. Mass merchandise store estimates are not available.

**For the full year ending in December

***For the four-month period ended April 1990.

Source: Nielsen Marketing Research

FINANCIAL

Pretax earnings continue climb for 8th straight quarter at Perry

PONTIAC, Mich. — Perry Drug Stores, Inc. reported that its third quarter, ended July 31, was its eighth consecutive quarter showing improved pretax earnings: at \$924,000, an 8-percent increase over the previous year's period.

Net earnings, at \$724,000 for the period, reflect a \$200,000 income tax charge not assessed in the previous year's period. The earnings were achieved on revenues of \$159 million, compared with last year's \$164 million figure.

Revenues declined due to the closing or sale of unprofitable units, according to Jack A. Robinson, chairman and ceo. The third quarter saw Perry sell its 14 A.L. Price deep-discount units as the chain tightened its strategic focus on traditional drug store operations.

Nine-month figures also included a tax provision, unlike last year, so net earnings declined from \$5.8 million to \$4.4 million. Revenues declined from \$507 million to \$497 million.

Helping revenues, Robinson said, were comparable pharmacy sales, up 17 percent for the quarter and 13 percent for the nine months.

Fay's sales, net set second-quarter records

LIVERPOOL, N.Y. — Record net earnings of \$3.2 million, on record revenues of \$162.3 million, were posted by Fay's, Inc. for its second quarter ended July 28.

The figures compare with last year's \$3.0 million in net earnings on \$139.8 million in revenues.

For the first six months of the year, Fay's net earnings were \$4.1 million, allowing for a \$574,000 charge associated with the repurchase of corporate debt. Six-month net earnings the previous year were \$4.4 million. Six-month revenues were up 16.5 percent, to \$315.5 million.

Second-quarter net doubled at Genovese

MELVILLE, N.Y. — Genovese Drug Stores doubled its net income, from \$397,000 to \$795,000, for the second quarter ended Aug. 17, on sales of \$96.9 million, a 6.3-percent gain over the comparable quarter last year.

First-half net income was up 22 percent, to \$1.9 million (including \$238,000 from a gain on the sale of two stores), on sales of \$225.4 million, a 10.3-percent gain.

Genovese plans to open two new stores before the year's end. The 93-store chain is in the process of refurbishing 24 stores and has enlarged two existing stores, including doubling the size of its Williston Park, N. Y., store.

Costs have Big B seeing red in 2nd qtr.

BESSEMER, Ala. — High operating costs and debt payments arising from its acquisition of the former Reed Drug stores helped drag Big B into the red in the sec-

ond quarter.

The chain lost \$3.3 million for the period on sales of \$101.2 million, compared with net earnings of \$1.2 million and revenues of \$89.5 million the previous year.

Net, sales up at Safeway for 2nd qtr.

OAKLAND, Calif. — Safeway, Inc. saw net income climb from \$7.7 million to \$23.6 million for the second quarter ended June 16, on a 5.0-percent hike in sales, to \$3.4 billion.

For the six-month period, net income rose from last year's \$16.4 million to \$38.6 million, with sales up 4.2 percent, to \$6.8 billion.

Other indicators showed improvement as well. Operating profit for the quarter climbed 25 percent to \$132.3 million, 3.85 percent of sales. Operating cash flow continued to improve, and interest expenses declined, as the \$120 million realized from last April's initial public offering reduced borrowing needs.

Sales and earnings climb for O&M

RICHMOND, Va. — Owens & Minor, Inc. reported increased sales and earnings for the second quarter ended June 30, respectively due to the National Healthcare acquisition and a charge levied during the previous year's quarter.

Sales increased 37.5 percent to \$300.7 million, reflecting two months' sales contribution from National Healthcare, company officials said. Earnings were \$2.0 million, up from last year's \$5,000, when a \$1.4 million pretax charge was assessed from devaluing foreign latex glove inventories.

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Vol. 12, No. 17 Sept. 24, 1990

MARKET DIARY:

Largest Dollar Gainer	American Stores	\$ 4.50
Largest Dollar Loser	Melville Corp.	\$ - 5.13
Largest Percentage Gainer	Bolar Pharmaceutical	21.88%
Largest Percentage Loser	Big B	-18.84%

Advances	31
Declines	23
Unchanged	3
New highs	0
New lows	7

	Close 8/28/90	Close 9/10/90	Net Change	Percent Change
Dow Jones Industrial Average	2614.85	2615.59	0.74	0.03
Standard & Poor's 500-Stock Index	321.34	321.63	0.29	0.09
N.Y.S.E. Composite	176.26	176.70	0.44	0.25
Value Line Index	208.75	208.54	- 0.21	- 0.10

Source: Nordby International Inc., Boulder, Colo.



DRUG STORE NEWS INDEX

Exch	Company	Ticker Symbol	Closing Price 8/28/90	Closing Price 9/10/90	Net Change In Period	Percent Change In Period	P/E Ratio	Annual Dividend Rate	Annual Yield	Annual High	Annual Low
Chain store transactions											
OTC	Accuhealth Inc.	ACCU	7.00	7.00	0.00	0.00	-233	0.00	0.00	7.56	2.88
OTC	Arbor Drugs	ARBR	17.00	16.88	- 0.13	- 0.74	15	0.16	0.95	23.25	16.25
OTC	Big B (L)	BIGB	8.63	7.00	- 1.63	- 18.84	- 19	0.16	2.29	15.13	6.75
OTC	Drug Emporium	DEMP	8.75	8.38	- 0.38	- 4.29	13	0.10	1.19	14.50	6.25
NYS	Fay's Inc.	FAY	8.38	8.50	0.13	1.49	12	0.20	2.35	14.13	7.50
ASE	Genovese Drug (L)	GDX.A	7.00	7.00	0.00	0.00	15	0.24	3.43	11.75	6.63
NYS	Longs Drug Stores	LDG	35.00	35.13	0.13	0.36	11	1.04	2.96	48.50	33.50
OTC	Medicine Shoppe	MSII	24.13	23.00	- 1.13	- 4.66	22	0.24	1.04	26.75	17.75
NYS	Perry Drug	PDS	7.88	8.13	0.25	3.17	15	0.90	0.00	11.25	6.75
NYS	Rite Aid Corp.	RAD	32.00	33.38	1.38	4.30	17	0.88	2.64	41.13	29.50
NYS	Walgreen Co.	WAG	45.75	45.63	- 0.13	- 0.27	17	0.80	1.75	53.25	39.88
Wholesaler's transactions											
ASE	Bergen Brunswig	BBC	23.50	23.00	- 0.50	- 2.13	13	0.40	1.74	29.63	20.50
OTC	Bindley Western Ind.	BIND	11.13	12.00	0.88	7.87	17	0.04	0.33	14.25	8.50
OTC	Cardinal Distribution	CDIC	24.50	26.00	1.50	6.12	20	0.08	0.31	29.75	19.63
OTC	Durr-Fillauer	DUFM	23.75	24.50	0.75	3.16	16	0.28	1.14	27.00	19.38
ASE	Ketchum	KCH	1.63	1.88	0.25	15.38	- 1	0.00	0.00	5.13	1.63
NYS	McKesson Corp. (L)	MCK	31.00	32.38	1.38	4.44	14	1.60	4.94	39.25	30.38
ASE	Moore Medical (L)	MMD	5.13	5.00	- 0.13	- 2.44	- 7	0.00	0.00	14.88	4.88
NYS	Owens & Minor	OMI	11.88	12.13	0.25	2.11	20	0.24	1.98	14.63	10.63
Manufacturer's transactions											
NYS	Abbott Labs	ABT	40.25	40.50	0.25	0.62	20	0.84	2.07	45.63	30.63
NYS	American Home Products	AHP	45.75	47.50	1.75	3.83	13	2.12	4.46	55.13	43.00
NYS	Baxter International	BAX	23.63	24.00	0.38	1.59	- 59	0.64	2.67	27.50	20.50
OTC	Block Drugs Co.	BLOCA	33.00	32.25	- 0.75	- 2.27	12	0.68	2.11	38.00	31.75
ASE	Bolar Pharmaceutical	BLR	4.00	4.88	0.88	21.88	- 29	0.04	0.82	22.63	3.50
NYS	Bristol-Myers Squibb	BMV	59.38	60.13	0.75	1.26	36	2.12	3.53	65.88	49.00
NYS	Carter-Wallace (L)	CAR	47.75	45.88	- 1.88	- 3.93	14	0.92	2.01	60.50	45.13
ASE	Columbia Labs	COB	8.88	8.63	- 0.25	- 2.82	- 7	0.00	0.00	17.88	7.38
ASE	Forest Labs	FRX	41.13	43.38	2.25	5.47	27	0.00	0.00	48.38	33.63
ASE	Halsey Drug	HDG	2.88	3.13	0.25	8.70	104	0.00	0.00	6.94	2.13
NYS	ICN Pharmaceutical	ICN	3.38	3.13	- 0.25	- 7.41	0	0.00	0.00	6.50	2.50
ASE	Lee Pharmaceutical	LPH	1.50	1.63	0.13	8.33	- 6	0.00	0.00	3.25	1.38
ASE	Leiner P. Nutrition	PLI	8.00	8.63	0.63	7.81	11	0.00	0.00	14.00	7.50
NYS	Lilly Eli Co.	LLY	73.50	75.25	1.75	2.38	21	1.64	2.18	90.38	58.25
NYS	Marion Labs	MKC	30.75	31.00	0.25	0.81	100	0.80	2.58	36.00	21.00
NYS	Merck Co.	MRK	80.88	81.00	0.13	0.15	20	2.24	2.77	91.13	67.00
NYS	Mylan Labs	MYL	17.00	19.38	2.38	13.97	23	0.20	1.03	25.38	13.75
NYS	Par Pharmaceutical	PRX	5.75	5.63	- 0.13	- 2.17	- 6	0.00	0.00	8.25	4.75
NYS	Pfizer Inc.	PFE	70.00	71.00	1.00	1.43	17	2.40	3.38	76.25	54.50
NYS	Rorer Group	ROR	75.75	75.75	0.00	0.00	36	0.84	1.11	78.25	39.75
NYS	Schering Plough	SGP	45.38	46.00	0.63	1.38	20	1.12	2.43	50.75	35.63
NYS	Syntex Corp.	SYN	56.63	57.38	0.75	1.32	19	1.60	2.79	63.75	40.00
OTC	Taro-Vit Industries	TAROF	1.88	2.00	0.13	6.67	- 29	0.00	0.00	2.00	0.88
NYS	Upjohn Co.	UPJ	37.75	37.50	- 0.25	- 0.66	20	1.00	2.67	44.63	32.88
NYS	Warner-Lambert	WLA	61.38	62.88	1.50	2.44	19	1.52	2.42	70.13	49.63
OTC	Zenith Labs	ZENL	6.50	6.25	- 0.25	- 3.85	0	0.00	0.00	14.00	3.50
Other retailer transactions											
NYS	Albertson's	ABS	32.75	32.38	- 0.38	- 1.15	21	0.48	1.48	37.63	24.38
NYS	American Stores	ASC	60.25	64.75	4.50	7.47	16	1.12	1.73	71.50	51.38
NYS	Giant Food	GFS.A	24.50	25.00	0.50	2.04	13	0.60	2.40	32.38	23.38
NYS	Great Atlantic&Pacific Tea	GAP	50.88	50.75	- 0.13	- 0.25	0	0.00	0.00	65.38	48.25
NYS	K mart (L)	KM	28.50	26.00	- 2.50	- 8.77	16	1.72	6.62	42.38	26.00
NYS	Kroger	KR	14.13	14.38	0.25	1.77	76	0.00	0.00	19.50	11.75
NYS	Melville Corp. (L)	MES	45.63	40.50	- 5.13	- 11.23	11	1.40	3.46	57.75	40.00
OTC	Fred Meyer	MEYR	14.00	13.75	- 0.25	- 1.79	- 53	0.00	0.00	22.00	12.50
NYS	Penney, JC	JCP	47.88	45.50	- 2.38	- 4.96	7	2.64	5.80	75.63	43.50
NYS	Safeway	SWY	14.13	14.00	- 0.13	- 0.88	50	0.00	0.00	16.88	11.63
NYS	Smith's Food & Drug	SFD	29.25	29.00	- 0.25	- 0.85	24	0.28	0.97	34.50	20.88
NYS	Wal-Mart	WMT	28.88	27.00	- 1.88	- 6.49	25	0.12	0.44	36.75	18.50

Key: (H) = New high in period. (L) = New low in period. (d) = Deficit. NYS = New York. ASE = American. OTC = Over the counter. (s) = Reflects stock split.
Source: Nordby International, Inc., Boulder, Colorado

DRUG STORE NEWS[®]

INSIDE PHARMACY PHARMACIST EDITION

SECOND CLASS

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The News Journal of Retail Pharmacy

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Wal-Mart flexes muscles in Rx

By James Frederick

BENTONVILLE, Ark. — If you're an independent druggist, or a chain pharmacy operator, you're either watching Wal-Mart Stores over your shoulder or you're living in New England or the Pacific Northwest. Those happen to be about the only parts of the country Wal-Mart hasn't yet invaded.

"Invade" may not be a strong enough word for what this aggressive retail powerhouse is doing in market after market around the country. Indeed, even if you are operating in the far corners of the U.S., in one of the

handful of states not yet touched by Wal-Mart, it is probably a good idea to take a good look at the company. Chances are, you'll be seeing them sooner or later.

There's no retailer of any kind quite like Wal-Mart. Its discount store business has redefined general merchandise and mass market retailing in the past decade. In the process, the company has chewed up reams of business that used to go to older, established discount

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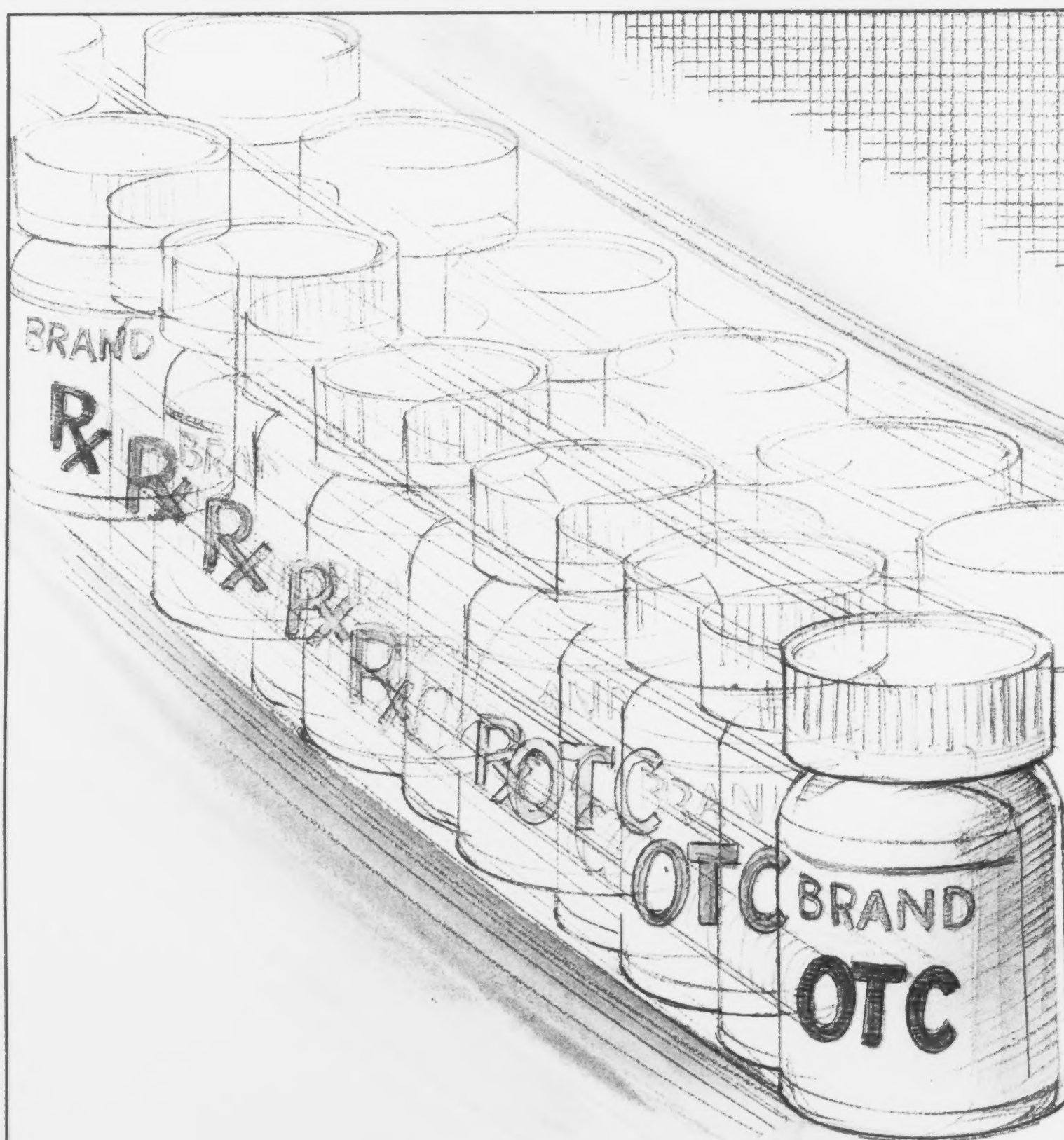
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Rx to OTC switches: A double-edged sword?

By Elizabeth Richardson

NEW YORK — Over the next decade, dozens of medicines could be switched from prescription to over-the-counter status. While the switching process almost always spells instant sales successes for the products involved, many pharmacists believe it to be a double-edged sword.

"The biggest advantage [of Rx to OTC switches], of course, is the counseling associated with them," said Mike Salquist, director of pharmacy operations at K mart. "It's great at building the confidence factor with the public and is a basic point to opening up lines of communication."

Continued on page IP11

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Vol. 5, No. 10

September 24, 1990

Rx'ers juggle professionalism, business

For as long as my career in pharmacy spans, some 25 years, retail pharmacists have tried to answer the same question over and over: Is it possible to mix the business of running a drug store with the professionalism expected of a registered pharmacist? The answer I always give is a definitive "maybe."

It is a complicated question, and one that has been given considerable thought by pharmacists, academicians and consumers over the years. I think if you polled most retail pharmacists today, the answer would be "yes." But when push comes to shove, do they really mean it? I'm not sure.

The question of professionalism has been handled easily by scores of colleges of pharmacy offering a Pharm.D.-only curriculum. It always seems to me their inference is that without the Pharm.D. degree in your hands upon graduation, professionalism in any pharmacy setting goes right out of the window. Does a Pharm.D. degree prepare a retail pharmacist to be any more professional in a drug store setting than a B.S.? I'm not sure.

But, there is apparently no question about professionalism in the minds of consumers. Just look at the latest Gallup study. Pharmacists once again ranked as the most trusted health professional. But does being the most trusted professional mean being the most professional? I'm not sure.

I think before the question of professionalism can be argued there has to be a definition of "professionalism" on the table. Does it mean coming to work in a shirt and tie and a white jacket? Does it mean being available to answer consumers' questions in a timely manner with intelligible answers? Does it mean accepting prescriptions that have to be compounded, even if it does take extra time? Or does it mean doing blood screenings? To me, I think it means all of them and more.

Maintaining a balance

While I believe that most pharmacists would like to practice pharmacy with the highest degree of professionalism, the reality is that they are still working in a business setting and the balance between professionalism and business must be maintained. To put it simply, the prescriptions still have to be filled while the questions keep coming. It is a difficult juggling act and probably the single most disturbing factor in practicing retail pharmacy today.

The question of professionalism is once again under the spotlight when Sandoz Pharmaceuticals told retail pharmacists that they would not be able to handle the compa-

ny's drug for schizophrenia, Clozaril. The drug requires close monitoring, the kind of monitoring that Sandoz believes cannot be done at your average retail drug store. Instead, Sandoz chose to go to a closed distribution system when it hired Caremark, a division of Baxter Labs, to do the necessary screening. Several national associations and dozens of state associations immediately came to the aid of hurt retail pharmacists by condemning Sandoz's action. While I understand retail pharmacy's point of view, I also understand Sandoz's.

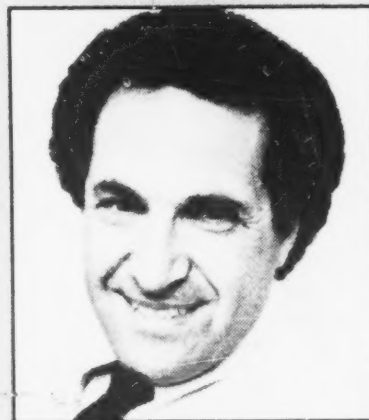
A juggling act

You see, Sandoz is also doing a juggling act. There is no doubt that the company knew a closed distribution system would get the hairs of every retail pharmacist in the country standing on end. But it also knew that not every pharmacy in the country was, or is, prepared to handle the extra workload necessary in the Clozaril screening process. They needed assurances that Clozaril would be available in every geographical area of the country. It would have been a nightmare to survey every pharmacy to see if they could handle the product and the extra time it would take to properly tract blood levels, etc. From a business and professional point of view, it was just easier to let one company nationwide handle the screening process. Many pharmacists, and their associations saw the action as a black eye for pharmacists. I did not.

In fact, I'm puzzled by the ire being vented by retail pharmacists over the Clozaril issue.

One just has to look at Florida for a perfect opportunity thrown away. Several years ago, when a law was passed in Florida that allowed pharmacists to dispense a very selective group of prescription drugs without a prescription, I took a trip down to the Sunshine State to see how things were progressing. I was dismayed to learn that with very few exceptions, most pharmacists were staying away from prescribing. I argued then that it was a golden professional opportunity being thrown away. My sources in Florida tell me that little has changed. The law is still on the books but not terribly effective. The reasons cited over and over again for not prescribing are the same: liability, lack of time to properly counsel patients, and extra paperwork.

I am sure there are many stores that can easily handle the requirements set forth in the Clozaril screening process. But if we really have the patients' interests at heart, this is one time I think professionalism must win over business.



COHEN'S
CAPSULES
HAROLD COHEN

My way of thinking . . .

Some two decades ago, I, along with my fellow graduating pharmacists, took the Hippocratic Oath. Although the specific words have since faded from my memory, I do remember the promise not to do anything to harm a fellow human being.

As a pharmacist or a physician, where do we draw the line of what is or is not harm? I question this because I have just returned from the funeral of a longtime customer and friend whom I'll call Sam.

Sam had the misfortune of being cursed with a bad back and had endured several episodes of surgery over the years to help eliminate his persistent pain. Unfortunately, he was never able to attain long-term relief from his affliction.

Equally unfortunate is the fact that Sam found a certain amount of relief from Darvocet N 100. But time passed, tolerance to the drug set in as did the persistent pain. Sam found that relief could only be achieved with daily doses that exceeded the recommended maximum dose.

Knowing that further surgery would probably be of little help, and perhaps in desperation, he turned to the only means that would help stop his pain and maintain a productive and meaningful life. He found new physicians who would prescribe Darvocet N 100 and was hav-

ing them filled at several different pharmacies. How long this had been going on, no one knows for sure. But for him, the system was working.

Where and how did Sam meet his downfall? His insurance company signed up with a national third-party provider. He had two prescriptions filled within two days. When the second prescription for Darvocet N 100 was charged through the provider's online adjudication terminal, the system flagged it and notified the drug store submitting the claim.

As a conscientious pharmacist, I notified the two physicians and the other pharmacy of the problem that existed. None of us considered the possibility of Sam's physical or psychological addiction to the drug. Nor did any of us consider Sam's need for some sort of pain management or his need for psychological help. All we saw was that Sam was a drug abuser and reacted as such . . . by cutting him off.

Recently Sam's wife, his two young children and a large number of friends said good-bye to this very kind and likable 37-year-old man. For you see, Sam discharged a hand gun into the side of his head, taking his life. Maybe Sam killed himself because he became depressed after his doctor "had cut off his pain medication" and was running out of medication and had no place to

turn, or maybe he knew that he would not be able to tolerate the pain that would inevitably return without his pain killers. Only Sam could answer these questions.

Would more empathy and compassion by those involved have prevented this tragedy? One can only speculate.

Sure Sam would have eventually destroyed his liver or kidneys on the path he was taking. But we must all understand that everyone who has a drug problem has an underlying psychological or physical problem or some combination thereof. As health care professionals, bound by the Hippocratic Oath, are we acting responsibly by "cutting off" these people without making every effort possible to see that they get some therapy?

The next time you have to deal with a patient with a substance abuse problem, and everyone is ready to "cut them off," please think of Sam, his wife, and their two children. I know I will.

Signed,
A More Compassionate Pharmacist
Editors note: We will not print any correspondence in this space without knowledge of who the author is. The above letter was received with a cover letter identifying its author. Because of the sensitivity of the material, he asked that we not publish his name. We respected that wish.

DRUG STORE NEWS[®]

INSIDE PHARMACY

PHARMACIST EDITION

Study says OTC buyers swayed by ads

NEW YORK — Consumer advertising may or may not make an over-the-counter product an instant sales hit, but one thing is certain: it is very important in influencing buying decisions of OTC buyers at drug chains, discount stores and supermarkets.

According to the 1990 *Drug Store News/Inside Pharmacy Buyer Feedback Study*, a survey of OTC buyers at 35 major drug chains, discounters and supermarkets, consumer advertising headed the list of influences when buyers decide to stock one OTC product over another.

Buyers were asked to rate a list of services offered by most manufacturers of over-the-counter products. Nearly every buyer who answered the survey told *DrSNIP* that consumer advertising was "very important" in their buying decisions.

Forty-one percent of those answering the question also picked consumer advertising as the single most important service in making their buying decision. A summary of services checked off by 50 percent or more of the respondents can

On average, the buyers said that OTC products accounted for 21.42 percent of their total dollar annual sales.

New product intros

When it comes to making buying decisions on new product introductions, the survey uncovered that consumer advertising was edged out by the product's quality as being a "very important" factor. Ninety-one percent of the respondent aggregate picked product quality compared to the 82 percent that chose dollars budgeted for consumer advertising.

But when the buyers were asked to choose the *single* most important factor in choosing whether or not to take on a new product, nearly a third chose dollars budgeted for consumer advertising. (See Table 2).

Other factors that got more than 50 percent of the buyers vote as being "very important" were off-invoice allowances (chosen by 74 percent of the aggregate), uniqueness of the product and number of sku's (each receiving 62 percent), display allowances (56

Nearly all the respondents (94 percent) indicated that the reps were allowed to make store visits.

Average time

The buyers reported spending anywhere from 10 minutes to one hour with representatives from OTC product manufacturers. Most of the buyers said they spend, on average, from 20 to 30 minutes with reps. None of the buyers said they spend less than 10 minutes or over an hour with any individual rep.

But regardless of how much time the buyers spend with the reps, the majority said that visits from manufacturers' reps was still the best method of receiving information about new and existing products. Nearly one-quarter of the buyers said that direct marketing was another important method of getting important information concerning their product lines.

High marks

The buyers gave the manufacturers' reps pretty high grades in when it comes to helping them identify the best products to stock. More than half (68 percent) the buyers said the reps do an "above average" or "average" job while just under a quarter of them (21 percent) said they do an "outstanding" job. Only 12 percent said they do a "below average" job and none said they do a "poor" job.

Merchandising mix

As competition for "front-end" OTC business continues to heat up in the marketplace, retailers are taking a careful look at their merchandising mix and how they promote these products.

According to the survey, almost three-quarters of the buyers said they carry most major brands and sizes available to give shoppers a broad variety of selection. Eighteen percent said they carry at least three to five brands in the major OTC categories, while only nine percent reported they carry only the number one or number two brands in a particular product category.

More than half of the respondents said their pricing strategy is to rely on sales and low promotional prices rather than low every day prices (See Table 3).

Apparently, strong competition among the three trade classes surveyed has created the need for heavy advertisement schedules of OTC products. More than half of the buyers (53 percent) said they advertise OTC products once or twice a

week. Nearly a third (32 percent) said they advertise once or twice a month.

Most of that advertising is placed in newspapers and free-standing inserts (FSIs). According to the survey, 74

half said they rent out anywhere from 10 to 50 percent of their shelf space. No buyer reported charging a slotting allowance for more than 50 percent of their total OTC shelf space.

Table 2 Services that most influence OTC buyers' decisions on new products

Services	% Respondents
Dollars budgeted for consumer advertising	29%
Uniqueness of the product	18
Consumer requests	15
Off-invoice allowance	12
Product quality	6
Number of SKUs	3
Detailed information about the product	3
Other	6
Didn't know/Couldn't answer	9

Source: Drug Store News/Inside Pharmacy 1990 OTC Buyer Feedback Survey

percent of the buyers use this method of advertisement. The remainder said they spread their advertising among radio and TV, direct mail, and in-store promotions.

Some of the buyers interviewed commented they are trying new methods of in-store promotions. One buyer said his chain creates customized counter units "to maximize impulse sales." Another buyer said his department is producing a yearly health newsletter that helps promote new and existing OTC product lines.

Shelf space for rent

Some buyers said they rent key shelf space to vendors. According to the survey, almost one-third of the buyers receive so-called "slotting allowances" from manufacturers' reps to merchandise their

While the buyers were split on whether or not the amount of space allocated to OTC products has increased or stayed the same, only six percent said that the amount of space decreased. Of those that said the space has increased, the average percent increase came to 11.13 percent.

Suggestions

The buyers were asked to make suggestions on how OTC product manufacturer reps could help them make their buying decisions.

One buyer said to send in a rep that "understands our business and works to make his program work with ours." Another suggested that the rep not come in at all. "Just leave the deal sheet and sample," said the buyer "I'll send in the order when I've decided."

Table 3 OTC buyers' pricing strategies

Strategy	% Respondents
We stay competitive with other drug stores in our market	53%
We rely on sales and low promotional prices rather than low everyday prices	35
We rely on everyday low prices with little or no advertised sales	18
We are never undersold	6
We have full service/full price orientation	3

Source: 1990 Drug Store News/Inside Pharmacy OTC Buyer Feedback Survey

product lines in prime retail shelf space, especially end-caps. However, the majority of the buyers answering the survey (65 percent) said they do not rent shelf space. Others did not answer the question at all.

Of the buyers who do rent shelf space, half said that less than five percent of their total shelf space is subjected to a slotting allowance. The other

Still another said that the manufacturer should be able to track their record on past new items and the kind of follow-through that was given to the retailer. In the case of a new product intro, one buyer wants to know if the product being touted has exclusivity on the formula or whether there's a product by another company like it on the market already.

Table 1 Services considered most important to OTC buyers in making decisions on stocking existing products

Service	% Respondents
Consumer advertising	41%
Obtaining information about new products	18
Co-op advertising	12
Information on product movement	9
Display allowances	6
Return goods policy	6
Consumer rebate program	3
Invoice dating	3
Other	2

Source: Drug Store News/Inside Pharmacy 1990 OTC Buyer Feedback Survey

be found in Table 1.

Other items noted by the buyers included minimum quantity orders (enough to turn in 30 to 60 days), buying at net cost, the salesman's follow through on the sale and the overall price of the item. Services receiving a "very important" check mark from less than 50 percent of the respondents, in descending order, were: information on product movement (44 percent), information on market share (26 percent), planogramming information (24 percent), a consumer rebate program (21 percent), and the availability of display material (15 percent).

Almost one-quarter of the buyers surveyed said that the sale of OTC products account for 11 percent to 15 percent of the store's total dollar volume.

percent), return goods policy (53 percent) and detailed information about the product (50 percent).

Buyers' visits

According to the survey, OTC buyers are quite satisfied with the level of service they are currently getting from their OTC product reps. Nearly three-quarters of the respondents said they see their OTC product reps once a month, and that is just fine with them. Only three percent said they wanted to see them more frequently while 15 percent said they wanted to see them less frequently. Of those buyers who answered they wanted to see their reps more or less frequently, the majority said that once every two to six months was fine with them.

DRUG STORE NEWS

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LATE NEWS

• **WARREN, Mich.** — A. L. Price will open its first new store since the off-price chain was acquired earlier this year by Bill Edwards and other investors. It will open in early November in Madison Heights, Mich.

• **MELVILLE, N. Y.** — Genovese has promoted two of its executives to vice president status: Phillip Silverman is vp-distribution and David C. Reynolds is vp-photo-finish.

FEATURES



Kid power creates market niche

Or, as one southern merchandiser put it, "their whinin' is powerful!" Pages 27-34.

Fashion fuels

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SECOND CLASS

Osco takes Skaggs under wing

By James Frederick
RICHARDSON, Texas — American Stores is folding the drug store operations of its Skaggs Alpha Beta division under the Osco wing of American Drug Stores, effective early next year. The merger will give Oak Brook, Ill.-based Osco operational and merchandising control of Skaggs, which currently runs the drug store side of 76 Skaggs Alpha Beta combo stores in Texas, Oklahoma, New Mexico and Arkansas.

American Stores also puts Acme division up for sale—see p. 69

The merger becomes effective at the beginning of fiscal 1991 next February. Thereafter, Osco will maintain a new regional office at Skaggs Alpha Beta's headquarters in Richardson, just outside Dallas.

Bill Bates will take over as regional vp in charge of the Skaggs stores when the shift

The merger will finally put all of American Stores' drug store operations under one corporate roof.

goes into effect. Bates now serves as a district manager in American Drug's central region under regional vp Jon Fuglestad.

Also included in the merger with Osco is the drug store side of five new Jewel Osco combo stores in Florida. Both the

Florida and Skaggs Alpha Beta divisions are under the corporate umbrella of American Food and Drug, a subsidiary company of American Stores.

Despite the shift in management, the Skaggs name will remain on the store logos for the foreseeable future, ac-

cording to sources at both American Stores and its American Food and Drug subsidiary. "We're operating under the premise that it's not broke, so let's not fix it," said Ben Mazow, regional counsel and spokesman for American Food and Drug. "The Skaggs name is well-known and successful here, and there's no plan to change it to Osco at this point."

However, private label products will soon adopt the See Osco, page 69

Ziegler speaks out

WASHINGTON — NACDS president Ron Ziegler was one of several industry executives who recently testified before the House Health Subcommittee urging Congress to reform the Medicaid program. Among their suggestions: having manufacturers negotiate prices with the program and pass some of the savings on to pharmacists in their reimbursement levels. (See story on p. 65)



Retailers dig in as reservists head to Gulf

By Susan Ball
NEW YORK —

As more military reservists get called to active duty because of the Persian Gulf crisis, drug store chains are digging out their policy manuals to see what they should do in case any "weekend warriors" among their employees are put on active status.

Some chains have revised their policies to fit the current situation, others are following the basic military leave of absence policy covered under Federal law, and some are waiting until they're confronted with a specific case before deciding what to do.

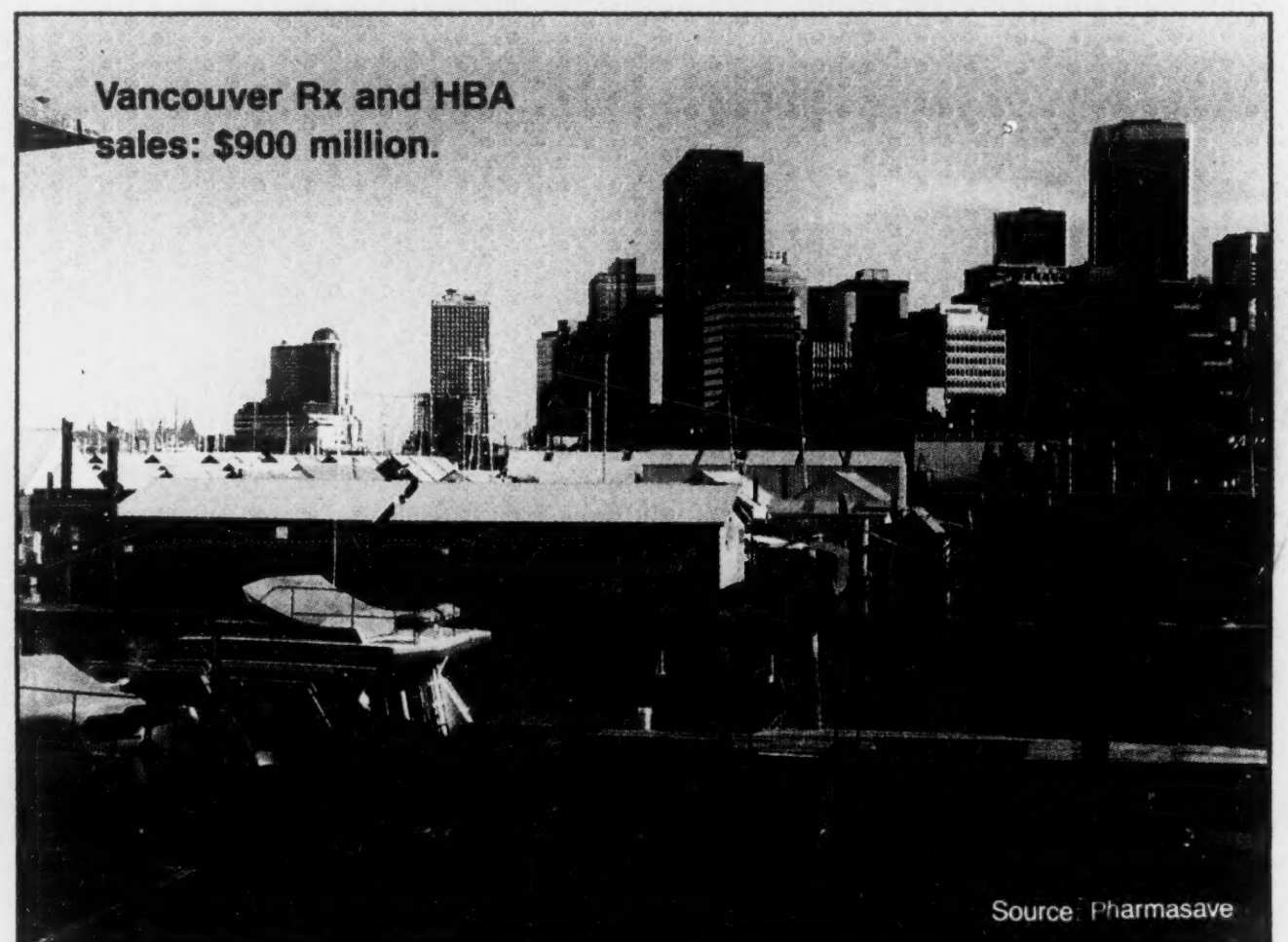
In an informal poll of more than a dozen large chains, *Drug Store News* found that at least two companies, Jack Eckerd Corp. and American Stores Co., have policies that go well beyond what the law requires.

Eckerd said it will make up the pay differential between the employee's military pay and his or her Eckerd salary while on active duty, in addition to meeting "all of its responsibilities" for military reserve employees who have been with the company one or

Reservists



MOVE OUT!



Vancouver Rx and HBA sales: \$900 million.

Source: Pharmasave

Vancouver a hornet's nest of discounting

VANCOUVER, B.C. — This postcard-perfect Northwestern city has more than a few things going for it. Its mild climate, both winter and summer, is tempered by moderating ocean currents. Its downtown is a gleaming arc of skyscrapers that straddle a swatch of land surrounded on all sides by sparkling bays, beaches and forest-carpeted mountains so close you can see the ski slopes from downtown streets. Its population is friendly, cosmopolitan

and relatively prosperous.

What's more, Vancouver's geography has made it the key port of entry into Canada for Japan, Korea, China and other Asian markets. Its Pacific Rim fortunes have, in fact, helped spur much of the construction boom going on downtown and have given the city a decidedly international character.

Those conditions helped nurture the growth and prosperity of some of See Vancouver, page 69

NEWS IN BRIEF

CVS parent completes Peoples buy

RYE, N.Y. — Melville Corp., which operates 820-store CVS, completed the acquisition of 490-store Peoples Drug Stores from Imasco Ltd. of Montreal Sept. 17. The purchase price was \$325 million in cash.

CVS sales in 1989 totaled \$1.02 billion. Peoples had \$1.02 billion in sales for 1989. The acquisition significantly expands Melville's drug store business into new markets, notably the Washington, D.C. metropolitan area.

CVS has said the Peoples stores will keep their name, which has wide recognition in its markets.

Imasco's chairman, president and ceo, Purdy Crawford, said Imasco will use the proceeds of the Peoples sale to reduce Imasco's debt, which will result in a stronger balance sheet and lower interest expense.

K mart unveils new logo

TROY, Mich. — K mart unveiled a redesigned logo as part of a new identity program that will tie in with a planned refurbishment of all its stores.

The new bright red logo replaces the company's old sign—a red "K" followed by the word "mart" in turquoise.

All newly built and expanded stores will have the new logo in external and internal signs and in details. Others will receive it as they are refurbished and by 1995 it will be chain-wide.

The discounter is one of the most aggressive pharmacy retailers in the country, with prescription departments in over 1,250 of its 2,331 stores. It plans to put departments in all new stores and in remodels where space allows.

Arbor signs Pistons star

TROY, Mich. — All-star guard Joe Dumars of the Detroit Pistons will star in a series of TV spots for Arbor Drugs' "Picture! Picture!" photofinishing service. Dumars will be featured in four 30-second spots promoting the two-for-one print program, which generated 2.4 million orders last year.

"Photofinishing and film sales are an important traffic builder in our stores," said Arbor chairman and ceo Eugene Applebaum in making the announcement. "As a result of Picture! Picture!, Arbor photo and film sales, which have doubled in the last five years, now account for 7.4 percent of total sales, almost twice the national average for chain drug stores."

The Dumars spots will begin airing in mid-October, and eventually account for more than \$1 million of commercial air time.

Perry signs three more Mich. leases

PONTIAC, Mich. — Perry Drug Stores has inked three leases for new stores in the Detroit metro and Grand Rapids areas.

Perry has opened six new drug stores, signed lease agreements for three additional sites and acquired and kept open 35 former Revco drug stores in its current fiscal year, which ends Oct. 31. In fiscal 1991, the 207-store chain is planning to open another 20 units.

Exclusively HBA show bows; future looks promising

DETROIT — Exclusively HBA, the first trade show devoted exclusively to health and beauty aids, showed birth pangs at last month's launch. But the consensus says the show has potential and will probably improve next year in New Orleans.

According to the show's producer, Exclusively HBA, Inc., a Chicago-based company formed by Jay Spaulding and Art Turnbull, of Turnbull Enterprises, 592 buyers from 273 buying companies attended the show.

Based on the final list of registrants, *Drug Store News* estimates that one-third were distributors, including drug wholesalers McKesson and FoxMeyer, grocery wholesaler Wetterau, service merchandisers such as Ben's Wholesale and in H&BA/cosmetics, Discount Beauty Supply.

Drug chains made up 20 percent of the attendees, with Eckerd Drug represented the strongest; discount chains, wholesale clubs and hypermarkets accounted for another 20 percent, and food chains made up 10 percent.

The largest chains at the show, however, were the discounters led by Wal-Mart, which brought eight buyers to

the floor; K mart, 11, and Target, nine.

Kim Maguire, the H&BA division merchandise manager for Target, said the show met his company's needs on several levels. Besides being well laid out and organized, it was the first industrywide show, he said, to bring together a broad spectrum of H&BA and cosmetic buyers, distributors and vendors under one roof.

He said that for retailers, it was an inexpensive show to work because there were no registration charges for buyers. A company could bring as many buyers as it liked without spending thousands of dollars. The show wasn't diluted by other categories, and it was relaxed, making it "easier to work."

Ron Demczak, of Warner-Lambert, phrased it this way: "You don't have to traipse over a large area, climbing over an avalanche of product that is not devoted to HBA."

Greg O'Daniel, executive vp-gm of Tempo Sanys, Inc., said that what the show may have lacked in the quantity of buyers on the floor, it more than made up for in the "quality" of buyers in attendance.

Tom Kennedy, vp-trade de-

velopment for Cosmair's Cosmetic and Fragrance Division, said the show entailed some duplication, but that it has "potential."

Robert Sayre, manager of business development for K mart, explained that K mart came looking for new items and found them. "In some of the categories we carry, 30 percent to 50 percent of our business is in items introduced in the past three years," he said. "H&BA is a fashion business. We need a show where we can concentrate on what's new and exciting without being distracted by unrelated products."

Jay Spaulding said the show exceeded expectations: "Our target was to have 210 to 230 exhibitors; we wound up with 246. Our target was 50,000-square-feet of exhibit space; we had 53,000. We ended this show with 592 buyers, and we're estimating that in New Orleans, next September, we will have 1,000 buyers."

The challenge facing the show's producer for next year, however, is to find a way to make the show more "productive" for some of the bigger vendors, and some of the bigger chain drug and chain food retailers who say they found this show redundant.

Skin Cancer Foundation dinner gets kickoff

NEW YORK — Drug industry executives held a kickoff cocktail party recently for the Skin Cancer Foundation's annual benefit dinner, slated for Nov. 15 at the Marriott Marquis here. From left to right, Ronald L. Ziegler, this year's guest of honor and president of NACDS; Stewart Turley, general chairman of the 1990 benefit, and chairman and president, Jack Eckerd Corp.; Dr. Perry Robins, president, The Skin Cancer Foundation; and Eli D. Cohen, foundation secretary-treasurer, and president, Duane Reade Drug Stores.



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May's off-price division on front burner

TULSA, Okla. — May's Drug Stores is expanding its deep-discount division, with plans for two new Drug Warehouse stores over the next several months.

May's held a soft opening in Claremont, Okla. for its eighth Drug Warehouse store in mid-September, a 16,300-square-foot store that is somewhat smaller than the Drug Warehouse average. A grand opening is slated for Oct. 28.

Another of the off-price stores is scheduled to open after the first of the year, according to Russ Smith, executive vp and advertising director.

The company's growth

plans for the division underscore May's success with deep discounting in northeast Oklahoma and southwest Missouri. The firm's ability to wring high sales and steady profits from the division hark back to its corporate roots as a discount retailer, said Smith.

"Drug Warehouse is a very strong, ongoing, integral part of our organization," Smith noted. "Part of the reason we've been able to make it successful is that our original background was in self-service, low-price retailing."

"Our background, and particularly [May's president] Gerry Heller's background, is

very deep-discount oriented," Smith continued. "With Drug Warehouse, we now have the opportunity to go back and apply some of the things we've learned."

May's, Smith said, was an early pioneer of low-price, self-service retailing in the 1940s. It operated leased drug stores within two now-defunct local discount store operations in the 1960s, eventually absorbing some of the merchandising, buying and pricing strategies it learned from those operations. Six years ago, its first Drug Warehouse store opened in the former site of one of those discount stores.

BEAUTY TRENDS

Ethnic hair care story: It's fueled by fashion

For the first time in years, ethnic product buyers are reporting some growth in ethnic hair care product sales.

The growth is not as dramatic as it was in the boom years of the late '70s when the curl look was hot and hair maintenance products were flying out the door.

But many buyers report sales increases of between 4 percent and 10 percent. Some sources think that the growth could be even stronger in the next two to three years as new styling trends emerge.

"Most of our customers are reporting sales increases of between seven and ten percent," says Dave Pearlman, president of North American Beauty Supply. North American services chain drugs, variety stores and food stores in several major markets, including the South.

Pearlman says the growth is the result of "hard work, advertising, promotions, and keeping the merchandise on the shelf."

"We're having nice increases, both from existing and new customers," reports Tom Hood, vp of sales for Savannah, Ga.-based Ben Sheftall Distributors.

"In drug stores, promotional activity is driving the business. Bonus packs, advertising and in-store programs are what's making it happen."

But, as is always the case in this category, growth is also fueled by fashion trends emerging from professional salons.

Geri Duncan Jones, president of the American Health and Beauty Aids Institute (AHBAI), reports there's "quite a lot happening in the ethnic market right now," and she says "much of it is driven by professional trends carrying over into the retail market."

Versatility is key

According to sources we talked to, the fashion buzzword in hair styles this year is "versatility."

"In fashion, it's anything goes right now. It's great," says Lou Orenstein, president of Judith Lynn Beauty Supply. "Some are wearing the curl. Some are going for the flattop look. Some are relaxing their hair. It means you're able to sell a lot of different kinds of maintenance products now, not just a trailer load of one thing needed for one particular style."

"There isn't any one style

that's everyone wants and that's good," says David Pearlman of North America Beauty Supply. "Men and women are changing their

ethnic Merchandising

styles frequently, and that means they need a variety of products to maintain these different styles."

"Today, it's do whatever you want to do," says Jones. "At the Bronner Brothers fashion show in Las Vegas, I was seeing a lot of asymmetrical cuts. Hair may be cut long on one side and short on the other. One part may be curled, the other may be straight."

This year, men seem to be wearing their hair slightly longer and many are opting for the High Top cut, which requires more maintenance than the short cuts that many men were favoring until recently.

"Hair on guys is coming back," says Mike O'Neil, who buys ethnic products for Harris Beauty Supply, headquartered in Alexandria, Va. "And what you're seeing are men using two or three products instead of one to maintain their styles."

"Some men are wearing their hair back with a little ponytail," says Jones. For men to achieve this style, she adds, they have to let their hair grow out and then use a chemical wave in their hair so they can bring it back and tie it.

"And whether men are wearing their hair natural or

use a product like the S Curl kit to loosen their hair, and then they can do a High Top. And once they go for a High Top, they need two or three other products to maintain it. Maybe a gel or a pomade to style it on the sides, and a gel activator on top to puff it."

Relaxed hair is the most versatile, the easiest to work with and to change, and that probably accounts for the fact that every buyer we talked to reported that their relaxer sales are continuing to go up.

Pearlman also pointed out that in a relaxer market, oil-type products and instant conditioners do well because they help add moisture to the hair and protect it from drying out.

"Today's consumer is much more conscious of having healthy hair," says Jones. "And so you're seeing hair product manufacturers trying to develop more products that meet this need."

Along with relaxers, the other strong growth segments in ethnic hair care this year are hair conditioners-moisturizers, curl and wave kits, skin toners, hair color and styling aids—particularly setting lotions-spritzes and gels.

In salons, where styling trends originate, dry and body curls are very popular, and that has caused a boom in the retail sales of dry and body curl maintenance products like the Soft Sheen Finishing Mist and Lotion and the new Right On Dry Curl Mist and Lotion.

Retail sales of curl kits, which in the past few years have been declining, are now regaining ground.

The salons now seem to be doing more hair weaving, a technique that can make hair look fuller as well as conceal imperfections like thinning hair or bald spots.

Geri Duncan Jones, interviewed as she attended the Bronner Brothers Beauty show in Las Vegas this past

Growth is fueled by fashion trends emerging from professional salons.

August, reported that hair weaving was being demonstrated "all over."

She also saw a tremendous onslaught of styling products at the show, especially spritzes and gels, and products that temporarily add color to the hair.

As far as most buyers are concerned, all this new fashion activity should mean good news for retailers.

Looking down the line, most of our sources felt that ethnic products are poised for even greater growth. Fashion seems to be on the category's side, finally, and even a depressed economy could be a boon in disguise.

"As the economy goes down, strangely enough, business picks up," says Judith Lynn's Lou Orenstein. "When times are tough, ethnic consumers seem to buy even more beauty care products. They want to look better because it helps them feel better."

Geri Duncan Jones sums it up this way:

"If the stylists are wearing

it, you just know their customers are going to be wearing it."

Hosiery shows growth

Hosiery is another strong growth area for ethnic.

Now that Sara Lee owns both Afrotique and Brown Sugar, buyers say they have been doing a tremendous amount of general market promotions. The activity is having a positive impact on sales.

Several sources said their hosiery sales are exceptionally strong—"strong double-digit increases," one buyer reported.

Many chains have been able to advertise hosiery at 25-percent-off listed prices.

On the West Coast, Pay Less is testing a four-foot set for hosiery, plus endcaps. One source said sales in that category are up about 20 percent over last year.

Even West Coast food chains merchandise ethnic hosiery. Ralph's was the first to expand space for this category and its program has been very strong, one source said.



Photo: Essence

Ethnic hair care sales grow

	\$ sales (in millions)
1987	\$215.7
1988	226.7
1989	233.1
1990*	74.6

*First four months of 1990. Food and drug store sales only.
Source: Nielsen Marketing Research

straight," she says, "longer hair means they do need at least several maintenance products to manage the style."

"Before guys can do anything with their hair, they need to process it," says O'Neil, who says he's been selling an "awful lot" of Luster S Curl kits this year: "So they

BEAUTY TRENDS

Product developments

Distributors reveal what's hot regionally

ethnic Merchandising

Among ethnic manufacturers, Soft Sheen right now is clearly doing the best job with new product intros. In the past two years, the company has launched more new products than anyone else. And, according to buyers, just about everything Soft Sheen brings out does well.

Buyers and distributors say Soft Sheen's two-year-old Care Free Curl Gold Activator continues to sell very well, and so does its High Five styling line, particularly the gel. High Five is targeted to young men who adopt the flat-top look, which is very popular right now.

"Soft Sheen is way ahead of most of the other players in terms of new product introductions," says Kent Humphreys, president of Jack's Service Co. in Oklahoma.

"Their Finishing Mist and Lotion, their Scalp Spray, their Gold Shaving Powder, Optimum Care—everything they've brought out recently—are selling well," says Dan Medow, president of Detroit-based Standard Distributors.

Soft Sheen also has a professional line called Wave Nouveau, which is intended to be sold in beauty and barber shops. Distributors say they are doing very well in those outlets. But a few maintenance SKUs from that line are available for retail distribution, and the few drug chains that have stocked them report they are turning well.

Revlon's Professional Division is in a similar situation with its Rap n Tap maintenance line. Rap n Tap is intended for professional distribution only, but it has been diverted into retail stores, and where it has, sales have been "phenomenal," our sources say, especially in the last two to three months.

One single item, the Pre Con Gel from Summitt Labs in Chicago is getting expanded distribution because of its success. After testing it in 100 stores, for example, one major chain approved it for all 600 of its stores.

Cocoa butter is definitely a top stable item. All sources say they are doing well with cocoa butter items. Most say Palmer's, Queen Helene, Scientific Research's Le Kair, and the new Hollywood cocoa butters were all steady sellers.

Other companies whose brands were singled out for superior sales performance were: Carson, LustraSilk, Luster, Revlon, Pro-Line, Johnson, J. M. Products, All Ways Natural, Scientific Research and Worlds of Curls.

Among newer or smaller companies, buyers mentioned Hollywood Beauty Supply out of Hollywood, Fla.; Green Acres, of Shannon, Miss.; Bronner Brothers; Modern Research's Attitudes Unlimited, and Summitt Labs in Chicago.

Drug Store News interviewed distributors around the country to pinpoint hot ethnic products in various regions. The following is a sampling of their comments.

Jack's Service

In Oklahoma City, Kent Humphreys, co-owner of Jack's Service Co., reports that Soft Sheen's Optimum Care, the Soft Sheen Care Free Curl Gold Activator, Soft Sheen's High Five, Modern Research's Let's Jam, and Lustrasilk's Dry Curl maintenance items are all doing exceptionally well right now.

He says he's also seeing a lot of movement on Scientific Research's New Era Spritz and Hot Oil, part of a line of styling aid products introduced by Dow Brands, but now owned by Florida-based Scientific Research.

Judith Lynn Beauty

In Chicago, Lou Orenstein, president of Judith Lynn

Beauty Supply reports that he is also seeing very strong sales of the Soft Sheen Finishing Mist and Lotion.

Revlon's relaxers are "blowing out" the door at Judith Lynn. Dark & Lovely relaxers and Gentle Treatment relaxers are also doing very well.

Worlds of Curls' new styling line, Bodi, was just shipping at press time, but like other sources, Orenstein thinks it will do well.

Bodi is the first full line of maintenance products for dry or body-curved hair. The line includes a Finishing Mist and Lotion like the ones from Soft Sheen and Right On, but Bodi is positioned as a regimen for the hair so the line also includes a shampoo and oil spray.

Standard Distributing

In Detroit, Dan Medow, president of Standard Distributing Co., says Posner's cosmetics, recently repackaged, are doing "fabulously."

He says this line has been

showing dramatic increases as its distribution continues to expand in mass merchandise as well as chain drug stores.

Posner is also introducing a new line of cream foundations that Medow thinks will do very well because they fill a void in the market. They are formulated to deliver department store quality at drug store prices.

Ben Sheftall

At Ben Sheftall in Savannah, Ga., vp of sales Tom Hood reports that Pro-Line's promotional events, like Wrap It Up, have been very strong.

"Pro-Line," he says, "is exceptionally well organized in terms of its advertising and promotional activity."

Hood says that Soft Sheen's promotional programs are also very strong, primarily because they "understand what the customers need." He adds that Soft Sheen is more than willing to work with retailers and distributors to create something.

Although Pro-Line hasn't

introduced anything dramatic lately, Hood and other distributors say the company's Soft & Beautiful relaxers are continuing to show good growth.

Paul's Sundries

Out in California, Chuck Lewman, president of Los Angeles-based Paul's Sundries, says they promoted Dark & Lovely's new maintenance line in February with \$2 and \$3 rebate coupons scotch-taped to the packages and had "excellent sell-throughs."

Luster's S Curl products are in most top 25 best seller lists, and Lewman says that for Paul's Sundries, "Luster's S Curl is our number-one item in dollars. It's awesome."

The Let's Jam gel has been in Lewman's warehouse for a year and it's already made No. 66 on his dollar list of top items.

Beauty Enterprises

At Beauty Enterprises in Hartford, Conn., ethnic product buyer Jim Normandin said his vote for the year's best-selling new ethnic product goes to Hollywood Cocoa butter, a new item from Hollywood Beauty Supply. Normandin says its sales in his markets have been phenomenal. He said the packaging and the product formulation are "way above average." And the price points are very competitive.

"Cocoa butter is a great category," says Chuck Lewman. "The Hollywood cocoa butter line looks very good. Good packaging. Good promotions. We also do a good job with Palmer's and with Esirg, made by Esirg Manufacturers in Sacramento. Le Kair is doing well and although we don't stock New Era yet, I think it should do well too."

Harris Beauty Supply

In the mid-Atlantic and Southern regions, Mike O'Neil, who buys ethnic products for Harris Beauty Supply, also reports very good sales on cocoa butter. The Hollywood item is doing well in his markets, he says. So is the Le Kair cocoa butter from Scientific Research, and an old brand, Strickland's Nadinola.

At Harris, relaxers and hair color sales are both showing double-digit growth rates, while curl sales have stopped their decline and stabilized. Like other distributors, O'Neil also reports exceptional sales for Luster's S Curl, a trend that may be partly attributable to the popularity of the high-top look.

O'Neil also reports that in his markets the Right On Dry Curl maintenance line—the gel, moisturizing spray and activating lotion—are also doing quite well.



Photo: Essence

The fashion buzzword in hair styles this year is "versatility," with sources saying, "in fashion, it's anything goes right now. It's great."